

COMPARING EXTRINSIC AND INTRINSIC PROCESSES OF WHISTLE-BLOWING:  
A MULTI-METHOD APPROACH

BY

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DISSERTATION

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## **ABSTRACT**

The purpose of this thesis was to compare and contrast extrinsic and intrinsic processes of whistle-blowing. To be able to do this, I examined if observers of wrongdoing blew the whistle because they had strong, positive external outcome expectancies, i.e., they expected their potential act of whistle-blowing to result in occurrences of positive external outcomes and avoidance of negative outcomes, or because they were morally outraged, i.e., they experienced anger upon witnessing the wrongdoing. I adopted a sequential mixed methods design consisting of two distinct phases: Quantitative survey followed by qualitative semi-structured interviews with some of the survey respondents.

I found strong support for the intrinsic processes of whistle-blowing. Specifically, my survey data showed that (a) the relation between wrongdoing intensity and whistle-blowing and (b) the relationship between the interaction of wrongdoing intensity and moral identity and whistle-blowing were mediated by moral outrage and not by external outcome beliefs.

Additional analysis examining the relative effects of the two processes suggested that the indirect effects through moral outrage were significantly greater than those through external outcome beliefs for both relationships. In addition, I found that the joint effects of wrongdoing intensity and subunit ethical leadership on whistle-blowing were mediated by external outcome beliefs and not by moral outrage; however, further analysis investigating the relative indirect effects of external outcome beliefs and moral outrage for this relationship provided no significant differences between the two mediators.

My qualitative analyses provided additional support for some of the quantitative results, contributed towards clarifying some of ambiguous results from the survey, and investigated the processes of whistle-blowing in more detail. Consistent with the proposed framework, the

qualitative data suggested that inactive observers and whistle-blowers viewed themselves differently-- inactive observers had salient workplace identities, while moral identities seemed to be more central for whistle-blowers. Also, inactive observers engaged in moral avoidance upon witnessing the wrongdoing, while whistle-blowers, as predicted, experienced moral outrage. One additional and new finding based on the qualitative data was that inactive observers and whistle-blowers both highly identified with the organization. However, the basis of their attachments seemed to differ extensively. Inactive observers' identification with the organization appeared to stem directly from their relationship with their supervisors, while none of the whistle-blowers articulated that they viewed their supervisors as legitimate representatives of the entire organization. These individuals identified with the organization based on their beliefs about congruency in values and beliefs with the organization itself and what it stood for. Another finding emerging from the qualitative data was that post whistle-blowing, most whistle-blowers underwent attitudinal or behavioral changes if they believed their actions were ineffective.

My dissertation makes several contributions to theory. It extends research on whistle-blowing by systematically comparing and contrasting two processes of whistle-blowing. In contrast to the traditional approaches to whistle-blowing, I found that observers of wrongdoing blew the whistle because they were morally outraged upon witnessing the wrongdoing. Therefore, my dissertation is among the few studies which have investigated and found evidence in favor of the role of moral outrage in the whistle-blowing process. I also contribute to the scholarly work on organizational justice and behavioral ethics more broadly by addressing the recent debate regarding self-interested versus deontological reactions to injustice. In addition, I add to the research on the relationship between identity dynamics and ethical decision-making and to the extant scholarly work on moral identities.

*To Mom and Dad, my sister Puja, my brother-in-law Deven, and my nephew Bhavyesh*

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# CHAPTER 1

## INTRODUCTION

The past year (2008) has been a witness to several corporate scandals which have cost investors \$6.9 trillion in U.S. stock market value so far (Parsons, 2009). For instance, in December of last year, Bernard Madoff, the former chairman of the Nasdaq Stock Market and founder of Bernard L. Madoff Investment Securities LLC, was arrested and charged with allegedly running a \$50 billion “Ponzi Scheme,” which “may rank as the biggest fraud cases ever” (Henriques & Kouwe, 2008). A ponzi scheme is a swindle offering unusually high returns, with early investors paid off with money from later investors. In another episode, Merrill Lynch’s CEO John Thain confessed to spending over \$1 million to redecorate his office last year, even as the firm faced a financial crisis (Creswell & Story, 2009). And most recently (January 2009), Chairman and Founder, Ramalinga Raju of Satyam Computer Services, an Indian outsourcing firm admitted to a \$1 billion fraud (Timmons & Wassener, 2009). Non-reporting of these unethical practices by those observing them may have contributed to the catastrophic costs associated with the various corporate scandals of the past year. Given these rates and figures, we need to understand the motivations and the decision-making processes behind whistle-blowing so that organizational members can be encouraged to adopt this very effective mode of “societal control mechanism over organizational misdeeds” (Miceli & Near, 2005: 98).

Whistle-blowing is defined as “*the disclosure by organization members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action*” (Near & Miceli, 1985: 4). Whistle-blowing involves formal or informal reporting of wrongdoings internally, to one’s immediate

supervisors or the top management, or externally, to agencies such the Securities and Exchange Commission, who may have some authority to take action to affect the wrongdoing. A review of the whistle-blowing literature suggests that research in this field can be broadly divided into four categories: Predictors of the observation of wrongdoing (e.g., Miceli & Near, 1992; Sims & Keenan, 1999), antecedents of the actual act of whistle-blowing (e.g., Brewer & Selden, 1998; Dworkin & Baucus, 1998; Miceli & Near, 1988), process of whistle-blowing (e.g., Dozier & Miceli, 1985; Near & Miceli, 1985), and factors that predict retaliation against whistle-blowers (e.g., Miceli & Near, 2002; Rothschild & Miethe, 1999). In this dissertation, I focus on the processes involved in (and thus, the antecedents to) the decision to blow the whistle.

Specifically, I compare and contrast the extrinsic and the intrinsic processes of whistle-blowing<sup>1</sup>.

Extrinsic processes have been the dominant view in research on whistle-blowing, and more largely, in work on organizational justice and behavioral ethics. Extrinsic decision-making processes are generally based on external factors such as rewards and punishments. They also involve calculations of the (external) costs and (external) benefits of engaging in behaviors. Traditionally, research on whistle-blowing has adopted this approach and argued a multiple phase model of whistle-blowing (Miceli, Near, & Dworkin, 2008). At the crux of the framework is the notion that the observer of wrongdoing is likely to compute an economic cost/benefit analysis before actually blowing the whistle (Miceli & Near, 1992, 1997; Miceli et al., 2008). This cost/benefit analysis is usually associated with the external rewards or punishments (e.g., getting recognition and promotions, being fired and ostracized by co-workers and peers) that the

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<sup>1</sup> Some of my arguments parallel those of the proponents of dual processes of reasoning and decision-making (e.g., Chaiken, 1980, Epstein, 1994, Evans J. St. B. T., 2003, Schneider & Schiffrin, 1977) and, more recently, of reactions to organizational (in)justice (e.g., Skarlicki & Rupp, 2010).

observer of wrongdoing expects to receive due to his or her potential act of whistle-blowing. Only if the benefits outweigh the costs, then the observer will report the wrongdoing. This stream of research thus assumes that the whistle-blowing process is mostly extrinsic.

More broadly, research in organizational justice has also adopted an extrinsic approach to explore how (in)justice perceptions predict work-related criteria. For instance, Cropanzano, Rupp, Mohler, and Schminke (2001), while systematically categorizing the work on organizational justice, propose three “roads” to organizational justice: (a) Instrumental approach which emphasizes benefits and losses; (b) interpersonal approach which emphasizes nature of various relationships; and (c) moral principles approach which emphasizes personal commitment to ethical standards. Most of the extant research on justice has focused on the instrumental and interpersonal approaches; both of these perspectives incorporate *extrinsic* processes by primarily looking at either how economic and quasi-economic benefits (in case of instrumental perspective) or how one’s relationship with others in the organization or status in a group (in case of interpersonal perspective) affect reactions to injustice (see Cropanzano & Stein, 2009 for similar arguments).

The extrinsic processes, in terms of instrumental and/or interpersonal theoretical perspectives of organizational justice noted above, have also been shown for third-party justice effects (e.g., Colquitt, 2004; De Cremer & Van Hiel, 2006; Kray & Lind, 2002). Third-party justice effects are reactions to perceptions of how fairly others are treated. While discussing these effects, Skarlicki and Kulik (2005) primarily articulate an extrinsic process of decision-making. They argue that individuals are likely to react to observed employee mistreatment depending on their cost-benefit analysis which include (a) the third party’s and victim’s resources; (b) protection against counter-retaliation; (c) vulnerability to mistreatment; (d)

presence of other third parties; and (e) organizational policies, procedures and climate. All of these factors relate to the situational characteristics, and thus, external forces affecting the decision to react to observed injustice.

However, recent theoretical work on whistle-blowing (Gundlach, Douglas, & Martinko, 2003; Henik, 2007) suggests that instead of computing an economic cost/benefit analysis, potential whistle-blowers may report unethical practices for intrinsic reasons. That is, observers of wrongdoing may blow the whistle because they feel angry upon witnessing the wrongdoing or because they feel morally obligated to blow the whistle since it's the "right thing to do." Therefore, instead of being an extrinsic process, whistle-blowing may in fact be an intrinsic process.

Intrinsic processes are intrapsychic decision-making processes based on how one feels and what one values. These processes are generally emotional or deontological in nature. Deontic motives refer to emotionally charged reactions to events seen as violating or infringing on moral norms about social conduct (Folger, 2001). For example, Barclay and colleagues (Barclay, Skarlicki, & Pugh, 2005), in their study of individuals who experienced being laid off, find that outcome favorability interacts with both procedural and interactional justice to predict participants' emotions. Rupp and Spencer (2006), in their workplace simulation laboratory study, also illustrate that unfairly treated participants (who acted as customer-service representatives) experienced anger and engaged in higher levels of emotional labor.

With regards to third-party justice effects, Skarlicki and Kulik (2005) contend that non-victims may react to observed injustices not for self-interested motives of gaining rewards but for deontic reasons (also see Cropanzano et al., 2001). Research on organizational justice has recently adopted this approach and has shown that individuals may react to unfair situations,

intrinsically, based on deontic reactions which “reflect not the immediate self-interest of individuals but rather an inherited predisposition to notice and react to acts of injustice in general” (Spencer & Rupp, 2009: 430). This deontic perspective is a main component of fairness theory (Folger, 2001; Folger, Cropanzano, & Goldman, 2005) which posits that individuals quickly evaluate situations involving a alleged perpetrator and victim, regardless of whether they are a possible victim, and regardless of any relationship they may have with the victim. Spencer and Rupp (2009) provide support for these arguments. They show that the emotional labor of the participants in their study increased both as a result of unfairness directed toward themselves as well as toward their coworkers and these effects were mediated by both discrete emotions (such as anger) and fairness-related counterfactual thinking and were significant even when the participants themselves had been treated fairly.

Recent work in behavioral ethics also suggests that individuals make judgments about moral issues not through an extrinsic process, but intrinsically, by intuitively and emotionally evaluating the situation. The moral reasoning (i.e., the rational thinking) behind the judgment is usually a post hoc construction (Haidt, 2001). Haidt, therefore, proposes that emotions have a closer relationship with moral judgments than does moral reasoning. Furthermore, research employing fMRI technology provides some concrete evidence of the causal link between moral dilemmas and emotional activity in the brain. Greene and colleagues (Greene, Sommerville, Nystrom, Darley, & Cohen, 2001) presented participants in their study with a scenario in which they had to make a choice between saving five lives or one life. Participants were told that a trolley was bound for five people standing on a track. If the trolley were to continue on its course, it would hit and kill the five people. One group of participants was given the option to divert the trolley to a different track by flipping a switch; however, this option would result in the

death of one person standing on this other track. Another group was given the option of stopping the trolley before it hit the five people by pushing one person in front of the trolley which would result in this person's death. From an extrinsic and rationalistic perspective, both options would result in the same amount of death. Therefore, if participants adopted this approach to ethical decision-making, they should choose either option with the same ease (or difficulty). However, by comparing the fMRIs from both scenarios, Greene and colleagues find differences in the intrinsic processes (i.e., emotional reactions). In the pushing scenario, the response was faster and it involved more brain activity associated with emotion. From this work, the scholars concluded that "moral dilemmas vary systematically in the extent to which they engage in emotional processing and these variations in emotional engagement influence moral judgment" (Greene et al., 2001: 2105; also see Warren & Smith-Crowe, 2008).

In this dissertation, I do not examine how individuals evaluate issues in their workplace, but explore factors that motivate individuals to act once they have perceived an event as illegal, immoral or illegitimate. Nonetheless, my study is based on a similar philosophy in that it attempts to understand if whistle-blowing involves an extrinsic or an intrinsic process. Thus,

The goal of the dissertation is to compare and contrast extrinsic and intrinsic processes of whistle-blowing.

More specifically, I examine if observers of wrongdoing blow the whistle because they have strong, positive external outcome expectancies, i.e., they expect their potential act of whistle-blowing to result in occurrences of positive external outcomes and avoidance of negative outcomes, or because they are morally outraged, i.e., they experience anger upon witnessing the wrongdoing.

I adopt external outcome beliefs as a variable to denote the extrinsic processes because prior research on whistle-blowing suggests that these beliefs may be key motivators for whistle-blowing. For example, past research has consistently shown that observers of wrongdoing are most likely to blow the whistle when they have strong, positive judgments about the outcomes such as support from the organization, corrective measures taken by the organization, and no retaliation from the organization and its members (see Brewer & Selden, 1998; Dozier & Miceli, 1985; Gundlach et al., 2003; Miceli, Dozier, & Near, 1991; Miceli & Near, 1988; Miceli et al., 2008) for their act of whistle-blowing.

I adopt moral outrage to denote the intrinsic processes for two main reasons: First, research on moral emotions has suggested that some emotions are triggered even when the self has no involvement with the eliciting event and that these emotions are likely to motivate one to take action in response to the eliciting event (Haidt, 2003; Tangney, Stuewig, & Mashek, 2007). For example, emotions such as happiness occur primarily when one is directly affected by the event, while emotions such as anger, shame and guilt may be triggered easily and frequently even when the self has no stake in the triggering event. Of this latter group of moral emotions, I focus on anger because it is most likely to be “felt in disinterested situations, with highly prosocial action tendencies” (Haidt, 2003: 854). Furthermore, shame and guilt have been argued to lead people to reduce their social presence, creating a motivation to hide, withdraw, or disappear (Haidt, 2003; Keltner & Buswell, 1996; Miller, 1996), while anger motivates individuals to take action when an event is perceived to be unfair and immoral (e.g., Rupp & Spencer, 2006) and therefore more central to the current thesis. Second, and related to the previous issue, prior research on organizational justice has consistently shown that anger mediates the relationship between perceptions of injustice and outcomes such as retaliation and

emotional labor (Barclay et al., 2005; Rupp, McCance, Spencer, & Sonntag, 2008; Spencer & Rupp, 2009) suggesting that anger or moral outrage may be a key process through which individuals react to unfair events. Therefore, I capture the intrinsic process of whistle-blowing with the notion of moral outrage<sup>2</sup>.

It is essential to compare the two processes of whistle-blowing for the following reasons. First, as noted above, research has traditionally considered whistle-blowing as being largely an extrinsic process. This stream of scholarly work has ignored the possibility that whistle-blowing may be an intrinsic process, i.e, based on how one feels. A comparison between extrinsic and intrinsic processes will extend the theoretical approaches to whistle-blowing by not only exploring if emotions play a role in the whistle-blowing process but also helping understand better the reasons for whistle-blowing, thereby building a more accurate and comprehensive theory of whistle-blowing. In addition, it will help address the recent debate in the organizational justice and behavioral ethics fields about whether ethical decision-making processes are extrinsic or intrinsic.

Second, most ethics and compliance programs across the globe are based on the belief that employees blow the whistle for extrinsic reasons (see Dworkin & Near, 1997). That is, the assumption behind these programs is that if potential whistle-blowers are assured that they would be provided with positive outcomes such as support and rewards and that they would not face any retaliation for their act of whistle-blowing, then they are more likely to blow the whistle. However, if employees actually blew the whistle not because they believed in the occurrences of

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<sup>2</sup> Although I argue here that past research on whistle-blowing, moral emotions and organizational justice suggests that external outcome beliefs may be a key variable representing the extrinsic process while moral outrage may be a key variable denoting the intrinsic process of whistle-blowing, I acknowledge that there may be other extrinsic and intrinsic variables which may be involved in the whistle-blowing process. I discuss the implications of the same in the discussion chapter of the dissertation.



positive outcomes and avoidance of negative outcomes, but because they were morally outraged upon witnessing the wrongdoing, then the current ethics programs are likely to be ineffective. Some evidence of this ineffectiveness lies in the fact that the Ethics Resource Center, in their survey on ethics in the workplace, found that only 2% of whistle-blowers actually utilized the different aspects of the ethics and compliance programs (such as telephone “hotlines”) designed to promote whistle-blowing (Ethics Resource Center, 2007). Most whistle-blowers still approached their immediate supervisors upon witnessing the wrongdoing. Therefore, a comparison of extrinsic and intrinsic processes will contribute towards designing better ethics programs and corporate governance policies in organizations.

Third, and directly stemming from the previous topic, exploring the process of whistle-blowing will contribute to the scant research as well as practical implications of that research on ethics training in organizations (see Delaney & Sockell, 1992). Amongst the few studies focusing on ethics training is one by Sekerka (2009) who studied eight organizations in the Silicon Valley region of the United States. Findings suggested that ethics training was particularly intensive when the employee was first hired, when rules, regulations, and corporate values were shared during indoctrination period. Training continued, but was often limited to online activities. Further, and more related to the current investigation, most firms emphasized a compliance-based approach wherein they explained that whistle-blowers would be protected from retaliation, they covered confidential reporting channels, and explicated the support of the management and subunit leaders to promoting ethical behavior in the organizations. As I discuss in detail below, all of these factors focus on (and thus assume) the extrinsic process of whistle-blowing. Of the firms studied, only one hinted at the use of role-playing or other techniques to encourage emotional awareness, which may be an important tool for ethics training if whistle-

blowing is found to be an intrinsic process. Therefore, by determining the process of whistle-blowing, my dissertation would contribute towards developing more beneficial ethics training modules for employees in today's organizations.

Of the two processes, I predict that whistle-blowing is likely to be an intrinsic process, i.e., observers of wrongdoing are likely to blow the whistle because they are morally outraged and not because they expect positive external outcomes for their potential act of whistle-blowing. I make this proposition based on very recent research on the dual-process model of reactions to injustice (Skarlicki & Rupp, 2010) which demonstrates that following an injustice, third-party managers primed to use a rational processing frame reported lower retribution tendencies compared to those primed to use experiential processing frame. In a related vein, research has also shown that individuals often act in unselfish, economically unsound ways to correct a past injustice, even if it means sacrificing financial gain to punish someone who was unfair to another. For example, Kahneman, Knetsch, and Thaler (1986) report a study where subjects were asked to allocate funds (\$20) differentially to anonymous strangers. One stranger had previously tried to distribute money fairly (i.e., evenly with another person) while the other, unfairly (i.e., kept most of the funds for self). The participants would receive more money (\$6) if they provided funds to the uneven previous allocator and less money (\$5) if they provided funds to the even allocator. A clear majority (74%) made the choice to earn less money but to distribute funds to the fair stranger.

Turillo and colleagues (Turillo, Folger, Lavelle, Umphress, & Gee, 2002) use a similar methodology to conduct follow-up research. They obtained similar results in four separate experiments and conclude that "decision makers make self-sacrificing allocations, despite the absence of short- or long-term benefits for doing so." (p. 839). For instance, in one of their

studies, some participants were given the opportunity to simultaneously punish an unjust individual while rewarding a just person. Other participants, however, were given the option to punish a wrongdoer while only incidentally rewarding a neutral person who had not previously participated in the experiment. Turillo et al. found that individuals were willing to take reduced earnings in order to punish a transgressor even when a neutral person was being rewarded. These results suggest that it was not external rewards of financial gains and benefits, but probably the need to correct the wrongdoing, which was motivating the participants. I extend these arguments to the behavior of whistle-blowing and expect observers of wrongdoing to blow the whistle mainly for intrinsic reasons and not because of their beliefs of the external outcomes for their potential act of whistle-blowing.

My dissertation is organized as follows. In the next chapter, I build the theoretical framework that addresses my research question regarding the process of whistle-blowing. I then discuss the quantitative methodology and findings in the following two chapters (chapters 3 and 4 respectively). I present the data collection procedures, analytical strategies, and findings for the qualitative part of the dissertation in chapter 5. Finally, I conclude this dissertation with a detailed discussion of the theoretical and practical implications as well as limitations and arenas for future research of this study.

## **CHAPTER 2**

### **THEORY DEVELOPMENT**

In the current theory development chapter of my dissertation, I develop a framework that compares and contrasts the processes of whistle-blowing. To reiterate, cognitive, rational processes have been the dominant view in research on whistle-blowing. Extrinsic decision-making processes are generally based on external factors such as rewards and punishments (Miceli & Near, 1992, 1997; Miceli et al., 2008). I adopt external outcome beliefs, which are judgments about the costs and benefits that the act of whistle-blowing is likely to produce, as a variable to capture this process. But recent work on whistle-blowing (Gundlach et al., 2003; Henik, 2007) suggests that instead of computing an economic cost/benefit analysis, potential whistle-blowers may report unethical practices for intrinsic reasons. That is, observers of wrongdoing are likely to be morally outraged upon witnessing the wrongdoing which, in turn, would motivate them to blow the whistle. Therefore, in this dissertation, I compare these two processes of whistle-blowing.

To make this comparison, I first look at the relationship between wrongdoing intensity and whistle-blowing. The process of whistle-blowing is triggered when individuals view an event that they perceive as illegal, immoral or illegitimate. However, not all wrongdoings are perceived to be similar. One dimension on which they may differ is their intensity (Jones, 1991). Therefore, I consider the role of wrongdoing intensity on whistle-blowing. Prior research is inconclusive about this relationship since some scholars (e.g., Bergman, Langhout, Cortina, & Fitzgerald, 2002; Lee, Heilmann, & Near, 2004; Starkey, 1998) have demonstrated a positive association between wrongdoing intensity and whistle-blowing, while others (e.g., Fritzsche, 1988; King, 1997; Singer, Mitchell, & Turner, 1998) have found no such relationship.

Therefore, I investigate the moderating role of two factors-- subunit ethical leadership which is conceptualized as demonstration of normatively appropriate conduct by leaders at the subunit-level and promotion of such conduct to followers (Brown, Trevino, & Harrison, 2005) and observer's moral identity which is conceptualized as a self-concept organized around moral traits (Aquino & Reed, 2002)-- on this relation between wrongdoing intensity and whistle-blowing. I expect these factors to play a role since Trevino (1986), in her person-situation interactionist framework, suggests that both— an individual's cognitive moral development and the work context are likely to influence ethical decision-making. Kohlberg (1969) has identified three broad levels of cognitive moral development: The lowest level is the pre-conventional level, where a person decides what is right or wrong based upon personal consequences and self-interest; the next level is the conventional level where what is 'right' is determined by the expectations of society, family or peer groups; and the highest stage is the post-conventional stage in that what is 'right' is influenced by universal values and principles. Recent research suggests that the moral cognitive development approach (Kohlberg, 1969; Rest, 1984) is largely limited primarily because it "fails to account for the individual's perception of the moral self and the constraints that an individual's self-conception has on his or her ability to see a moral judgment through to moral behavior" (Reynolds & Ceranic, 2007: 1610). In response to this criticism, researchers have begun to explore the role of moral identity in influencing moral behavior (Aquino & Reed, 2002; Aquino, Reed, Thau, & Freeman, 2007; Reynolds, 2006). I follow this current development and argue that the likelihood of whistle-blowing may be a function of moral identity. Regarding the work context, I look at the role of subunit<sup>3</sup> ethical

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<sup>3</sup> I use the term subunit to denote a department that an employee works in at a particular location. Therefore, for purposes of this study, the finance department in two different locations would be considered as two separate subunits.

leadership in affecting whistle-blowing. I examine the perceptions of ethical leadership at the subunit level, rather than the organizational level, because in work settings, departmental heads<sup>4</sup> are the most proximal and salient to employees. They help define the values of the organization and influence employees' perceptions of what is considered 'right' and 'wrong' in the organization. They also assign and monitor work and provide evaluative and developmental feedback. Thus, ethical leadership at the subunit-level may be an important factor to understand whistle-blowing in organizations.

Next, I examine the moderating role of subunit ethical leadership and moral identity on the wrongdoing intensity and whistle-blowing relationship. I then investigate if the process of whistle-blowing is extrinsic or intrinsic. That is, I first examine if the relationship between wrongdoing intensity and whistle-blowing is mediated by external outcome beliefs or by moral outrage. Finally, I study if the two two-way interactions (wrongdoing intensity and subunit ethical leadership, and wrongdoing intensity and moral identity) are mediated by external outcome beliefs or moral outrage.

### **Subunit Ethical Leadership**

Ethical leadership is defined as “*the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making*” (Brown et al., 2005: 120). Therefore, ethical leaders model conduct that followers consider as appropriate (e.g., honesty, integrity, fairness) making them legitimate and credible role models. They also draw attention to ethics not only by explicitly talking about it to followers but also by providing their

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<sup>4</sup> Based on my preliminary interviews at the research site, I use the terms “supervisors” and “departmental heads” interchangeably since most departmental heads at the research site are also immediate supervisors for members of the department.

followers with a means to express their concerns and voice their concerns. Ethical leaders also set ethical standards, reward ethical conduct and discipline those who don't follow ethical standards (Brown & Trevino, 2006; Brown et al., 2005; Detert, Trevino, Burris, & Andiappan, 2007).

Prior research suggests that ethical leadership influences followers' ethical decision-making mainly through social learning processes (Bandura, 1977). Ethical leaders who are viewed as attractive and legitimate role models will draw employees' attention to the ethical standards of the organization and, through rewards for ethical conduct and punishments for unethical conduct, create expectations about what behaviors are acceptable and unacceptable in the organization. Employees, thus, learn vicariously about appropriate behaviors in the organization through their ethical leadership. Based on similar reasoning, Brown and Trevino (2006) argue that employees with a strong ethical leadership are inclined to go above and beyond the call of duty. Additionally, Brown and colleagues (Brown et al., 2005) find that a subordinate's perceptions of a leader's ethicality was associated with the subordinate's willingness to report problems to the leader.

Adopting social learning theory (Bandura, 1977), I expect ethical leadership at the subunit-level to moderate the relationship between wrongdoing intensity and whistle-blowing (see Figure 1a), i.e., when subunit ethical leadership is weak, as wrongdoing intensity increases, whistle-blowing may also increase; but, in subunits with strong ethical leadership, wrongdoing intensity may not have an effect on whistle-blowing and observers of wrongdoing may report the wrongdoing irrespective of its intensity. Since strong ethical leaders create normative ethical standards with which employees are motivated to comply (Brown & Trevino, 2006), presence of strong ethical leadership in a subunit may vicariously inform the members of the subunit that

whistle-blowing is considered as appropriate by the ethical leaders and that whistle-blowing is rewarded, while non-reporting is punished, in the subunit. Upon witnessing any form of wrongdoing, they may thus be motivated to report the wrongdoing. Therefore, as ethical leadership becomes stronger, the influence of wrongdoing intensity on whistle-blowing is likely to decrease such that observers in subunits with strong ethical leadership may be motivated to report all wrongdoings irrespective of their intensities. In case the ethical leadership in the subunit is weak, observers of wrongdoing are less likely to be aware of behaviors that are normatively appropriate and those that rewarded or punished in the subunit. Their whistle-blowing behaviors may then be a function of wrongdoing intensity only. Hence I propose:

*H1: Subunit ethical leadership moderates the relationship between wrongdoing intensity and the likelihood of whistle-blowing such that as subunit ethical leadership becomes stronger, the effects of wrongdoing intensity on whistle-blowing decrease.*

## **Moral Identity**

Moral identity is defined, in terms of individual differences, “as a self-conception organized around a set of moral traits” (Aquino & Reed, 2002: 1424). This conceptualization concerns how individuals think about themselves in relation to moral traits such as being caring, compassionate and fair. Moral identity is considered as one of the hierarchically organized identities (Burke, 2003; Stryker & Serpe, 1982) that compose the sense of self. For individuals with a salient moral identity, their thoughts, feelings and behaviors are strongly influenced by this identity since it is most central to their self-concepts. Moral identity thus acts as a self-regulatory mechanism that categorizes parameters for individuals and motivates moral actions (Blasi, 1984; Damon, 1984; Erikson, 1964).

Moral identity has been found to influence moral behavior (Aquino & Reed, 2002; Reynolds, 2006) such as volunteerism and donation to charity (Aquino & Reed, 2002) and is



associated with cognitive and emotional reactions to war (Aquino et al., 2007), an expansive circle of moral regard toward out-group members and more favorable attitudes toward relief efforts to aid out-group members (Reed & Aquino, 2003). Moral identity is also negatively correlated with moral disengagement which is a cognitive mechanism that deactivates self-regulatory moral reasoning (Detert, Trevino, & Sweitzer, 2008). In this latter study, Detert and colleagues test their hypotheses with three waves of survey data from 307 business and education undergraduate students. They find that moral identity (among other individual factors) is negatively related to moral disengagement.

According to self-verification theory (Burke, 1991; Burke & Harold, 2005; Swann, 1983; Swann & Read, 1981; Swann, Stein-Seroussi, & Giesler, 1992), once individuals form self-views, they work to stabilize them by seeking and embracing experiences that match their self-views and by avoiding or rejecting experiences that challenge them. Put differently, when faced with a challenging situation that potentially threatens individuals' view of the self, they are motivated to respond to this situation both affectively and behaviorally. The behavioral response is generally to modify the situation (Burke & Harold, 2005). Several scholars have found compelling support for the self-verification theory. For instance, Swann and colleagues have shown that people prefer to interact with strangers who see them as they see themselves (Swann, Pelham, & Krull, 1989) and that students whose self-views more closely coincided with others' appraisals of them felt more connected to their groups (Swann, Milton, & Polzer, 2000). Although exceptions to the self-verifying pattern have been found, studies, on average, suggest that people gravitate towards situations and interactions that verify their self-views.

Cognitive consistency theory (Festinger, 1957) also suggests that human beings have a tendency to strive for self-consistency. This tendency provides the motivational impetus for

action such that actors with salient moral identities (i.e. whose self-definition is centered around moral concerns) will feel obligated and compelled to act in a manner that is consistent with their moral self-concepts (Blasi, 1984; Hart, Atkins, & Ford, 1998). Therefore, upon witnessing a wrongdoing, these individuals are likely to be motivated to behave in a moral manner and change the situation so that the situations reflect the self-views they cherish (Burke & Harold, 2005). Blowing the whistle may be one mechanism for them to do so, and thus, self-verify their identity and maintain self-consistency. Individuals with salient moral identities who observe a wrongdoing of low intensity are likely to feel as obligated to engage in whistle-blowing as after observing a wrongdoing of high intensity because not taking any action upon witnessing a wrongdoing (irrespective of its intensity) would be contradictory to their moral self-views. Therefore, these individuals may be motivated to change the situation to avoid this dissonance (Burke & Harold, 2005). They are thus more likely to blow the whistle on the low intensity wrongdoings. Put differently, for wrongdoings of low intensity, observers with salient moral identities are more likely to engage in whistle-blowing compared to those with moral identities that are not salient. But, for wrongdoings of high intensity, all observers may blow the whistle. The salience of moral identities is likely to play a lesser role in this case and observers are likely to engage in whistle-blowing because these wrongdoings are less ambiguous and others are more likely to agree with, and support, the whistle-blowing (see Miceli et al., 2008). Therefore, I propose:

*H2: Moral identity moderates the relationship between intensity of wrongdoing and likelihood of whistle-blowing such that as the salience of moral identity increases, the effects of wrongdoing intensity on whistle-blowing decrease.*

I now investigate if the relation between wrongdoing intensity and whistle-blowing as well as the above outlined two two-way interactions are mediated by external outcome beliefs or moral outrage.

### **External Outcome Beliefs**

External outcome beliefs refer to *the judgments of the extrinsic consequences that behaviors are expected to produce* (Bandura, 1986). External outcome beliefs entail consequences that are extrinsic and can be related to occurrences of positive outcomes or avoidance of negative outcomes. Regarding whistle-blowing, external outcomes include organizational support upon whistle-blowing, corrective measures based on the complaint, and lack of retaliation. Therefore, the likelihood of whistle-blowing may be highest when potential whistle-blowers expect *all* of the following *external* outcomes: (a) their actions to result in occurrences of positive outcomes in that they expect the organization to support their act of whistle-blowing, and to take action upon receipt of the complaint; and (b) their actions to result in avoidance of negative consequences, namely, no retaliation from the organization or its members for reporting the wrongdoing. For instance, previous research has shown a negative relationship between fear of retaliation and whistle-blowing (Keenan, 2000; Near & Miceli, 1986). When employees feel that either the organization or coworkers would take undesirable actions against them because of the disclosed information, they are less likely to blow the whistle (Miceli, Rehg, Near, & Ryan, 1999; Near & Miceli, 1986). Also, Miceli and Near (1988) propose and find support for their argument that observers of wrongdoing who work in organizations where inactive observers believe that problems can and will be corrected are more likely to blow the whistle than are observers who work in other organizations where this is not the case.

I expect external outcome beliefs to mediate this wrongdoing intensity- whistle-blowing relation. Based on power theories, I argue that as wrongdoing intensity increases, observers of wrongdoing are more likely to expect prospective complaint recipients (and others in the organization) to agree and support the whistle-blowing. Also, since high intensity wrongdoings are less ambiguous, observers of wrongdoing are likely to expect the organization to consider it to be worthy of their time and effort to intervene (Bergman et al., 2002; Lee et al., 2004). Therefore, as wrongdoing intensity increases, observers of wrongdoing are likely to expect occurrences of positive, external outcomes for their act of whistle-blowing. Furthermore, highly intense wrongdoings are more verifiable and may be considered as more valid (Near & Miceli, 1986), and therefore, observers may consider themselves to have more power relative to the organization. They are thus less likely to expect retaliation for their acts of whistle-blowing (Near & Miceli, 1986; Parmerlee, Near, & Jensen, 1982). These arguments suggest that as wrongdoing intensity increases, observers of wrongdoing are less likely to expect negative, external outcomes. High intensity wrongdoings may thus increase the cost/benefit ratio in favor of whistle-blowing.

And as external outcome beliefs increase, whistle-blowing is likely to increase. Although not related to whistle-blowing, previous research and theory has provided some evidence to suggest that outcome beliefs mediate the relationship between vicarious rewards or punishments and ethical decision-making (Ashkanasy, Windsor, & Trevino, 2006; Trevino & Youngblood, 1990). For example, Trevino and Youngblood (1990), in their study using an in-basket exercise, find that employees were more likely to behave ethically when they expected their positive outcomes for their potential behaviors (i.e., positive outcome beliefs). Ashkanasay and

colleagues (Ashkanasy et al., 2006) also find similar relationship between outcome beliefs and ethical decision-making. Hence, I propose:

*H3a: External outcome beliefs mediate the relationship between wrongdoing intensity and the likelihood of whistle-blowing.*

Another variable that may mediate the wrongdoing intensity-whistle-blowing relation is moral outrage.

### **Moral Outrage**

Henik (2007) argues that observers of wrongdoing are likely to engage in whistle-blowing because of a strong emotional reaction to the violation of moral norms of society occurred due to the wrongdoing. Haidt (2003) terms these emotions as moral emotions. Haidt presents a preliminary definition of moral emotions as those that are “linked to the interests or welfare either of society as a whole or at least of persons other than the judge or agent” (p. 853). Moral emotions have two distinguishing features: First, they have *disinterested elicitors* in that they can be triggered even when the self has no involvement with the eliciting event. Second, moral emotions have associated *prosocial action tendencies*. That is, moral emotions motivate one to perform some goal-related action in response to the eliciting event. To exemplify, we may experience anger for two different reasons. Anger could be felt as a direct response to a threat or insult to the self. In this case, anger may prompt actions to correct any wrongs. Or we may feel anger for the injustice or harm brought about by someone else to another. Anger may then prompt actions to correct the wrongs on behalf of that wronged person. In this latter case, we can consider anger to be a moral emotion. In this dissertation, I argue how anger, conceptualized as moral outrage, may influence whistle-blowing.

Moral outrage is defined as *anger directed at a third-party perpetrator that is felt on behalf of a victim who has experienced illegitimate harm or insult* (Haidt, 2003; Montada &

Schneider, 1989; Pagano, 2007). For example, moral outrage may be experienced when, after filing for corporate bankruptcy, CEOs make huge monetary gains while the employees suffer due to sudden unemployment. Moral outrage is characterized by the tendency toward confrontation, with the goal of restoring order (Lazarus, 1991), the removal of obstacle (Ellsworth & Smith, 1988), or to punish the third-party perpetrator and uphold moral norms (Haidt, 2003). That is, when individuals experience moral outrage, they may engage in behaviors that are likely to stop the transgressor's harmful behaviors, prevent future occurrences, and "balance the scales" (Barclay et al., 2005).

I draw on the appraisal theories of emotion to explicate the mediating role of moral outrage. Although appraisal theories come in different forms (see Weiss & Cropanzano, 1996), they share a common framework to describe the emotion elicitation framework. In its simplest form, the framework posits that specific events generate specific emotions, which in turn translate to affectively driven behaviors. One type of affective events involves situations where individuals feel that they have witnessed a wrongdoing. For instance, Weiss et al (1999), in their experimental study, find that as predicted by emotional appraisal theories, reports of anger were influenced by specific combinations of distributive and procedural injustices. Rupp and Spencer (2006) also find that anger mediates the relationship between customer interactional injustice and emotional labor. Additionally, Folger (2001), while outlining the deontic model of justice, refers to a quick, rage-like reaction upon witnessing a wrongdoing. Based on this research, I expect that as wrongdoing intensity increases, individuals are more likely to be morally outraged, and the experience of moral outrage is likely to motivate the observer of wrongdoing to blow the whistle as means to stop the wrongdoing and to take corrective measure to refurbish the situation. Henik (2008), in her dissertation, finds that most whistle-blowers experienced anger upon witnessing

the wrongdoing and that anger was directed at both the perpetrators and perpetrators of the wrongful activities. These individuals thus engaged in whistle-blowing to correct the wrongdoing. Hence I propose:

*H3b: Moral outrage mediates the relationship between wrongdoing intensity and the likelihood of whistle-blowing.*

### **Mediators for Two Two-Way Interactions**

I now extend these ideas and suggest that external outcome beliefs mediate the joint effects of subunit ethical leadership and wrongdoing intensity on whistle-blowing (see Figure 1a) such that as ethical leadership becomes stronger, the influence of wrongdoing intensity on external outcome beliefs decreases. As indicated above, members in subunits with strong ethical leadership consider their leaders to be role models and thus vicariously learn of the behaviors that are normatively appropriate in the subunit as well as those that meet the ethical standards of the subunit (Brown & Trevino, 2006; Brown et al., 2005). Therefore, as ethical leadership in the subunit becomes stronger, observers of wrongdoing are more likely to perceive that the leaders in the subunit will support their act of whistle-blowing and will also take corrective actions upon receiving the complaint. Strong ethical leadership may also suggest that others in the subunit are less likely to retaliate against the whistle-blower. Therefore, when they are in subunits with strong ethical leadership, observers of wrongdoing are likely to expect occurrences of positive outcomes and avoidance of negative outcomes for their potential act of whistle-blowing (and thus, positive external outcomes). This suggests that the moderating effect of subunit ethical leadership decreases the effects of wrongdoing intensity on external outcome beliefs. That is, wrongdoing intensity may not be a factor for observers of wrongdoing in subunits with strong ethical leadership because these individuals are likely to have strong external outcome beliefs for whistle-blowing for even low intensity wrongdoings.

By contrast, in subunits with weak ethical leadership, observers of wrongdoing may not have a role model to inform them of normatively appropriate conduct or the ethical standards of the subunit. Therefore, they are unlikely to expect strong external outcomes for their act of whistle-blowing. And, as argued above, external outcome beliefs may be positively associated with whistle-blowing. Hence I propose:

*H4: External outcome beliefs mediate the joint effects of wrongdoing intensity and subunit ethical leadership on the likelihood of whistle-blowing.*

I expect moral outrage to mediate the joint effect of wrongdoing intensity and moral identity on whistle-blowing (see Figure 1b). Moral outrage is conceptualized as anger that is directed at a third-party perpetrator, and is felt on behalf of a victim who has experienced a wrongdoing (Haidt, 2003; Montada & Schneider, 1989; Pagano, 2007). I again draw on the appraisal theories of emotion to explicate the mediating role of moral outrage between wrongdoing intensity, moral identity and whistle-blowing. According to the framework surrounding most appraisal theories (see Weiss & Cropanzano, 1996), appraisal occurs in two stages: primary and secondary. In the primary appraisal process, individuals assess whether an event has relevance to individual well-being and personal goals and values (Weiss & Cropanzano, 1996; Weiss et al., 1999). This primary appraisal is generally followed by a secondary, interpretative meaning analysis stage, which results in the discrete emotions that we feel (Weiss et al., 1999).

I suggest that wrongdoing intensity and moral identity map onto these appraisals well. Once the observers of an event have determined it to be a wrongdoing, wrongdoing intensity and moral identity provide the necessary information not only to set the initial affective direction for the emotion but also the discrete emotion that is experienced by the observer. As suggested above, anger is the primary emotion that is felt by those individuals who observe a wrongdoing



(Barclay et al., 2005; Rupp & Spencer, 2006; Weiss & Cropanzano, 1996) and this anger motivates them to engage in whistle-blowing (Henik, 2008). Furthermore, several scholars (Burke, 1991; Burke & Harold, 2005; Stets, 2005; Stets & Tsushima, 2001) have argued that when one cannot maintain self-relevant meanings in the situation, which are congruent with one's identity, negative emotions are likely to emerge. In this study, observation of the wrongdoing may cause incongruence for individuals with salient moral identities due to the differences in their moral self-views and potential disruption of the moral values of society due to the witnessed wrongdoing. Additionally, these individuals are likely to feel this discrepancy even for low intensity wrongdoings since any wrongdoing is likely to be considered as being incongruent to moral self-views. Therefore, they are likely to experience moral outrage upon observing all wrongdoings. By contrast, observers of wrongdoing with non-salient moral identities may not experience moral outrage upon witnessing low intensity wrongdoings. They may feel angry only for high intensity wrongdoings. And, as argued before, moral outrage may be positively associated with whistle-blowing. Hence I propose that:

*H5: Moral outrage mediates the joint effects of intensity of wrongdoing and moral identity on the likelihood of whistle-blowing.*

## CHAPTER 3

### QUANTITATIVE METHODOLOGY

To examine the process of whistle-blowing, I adopted a sequential mixed methods design (Creswell & Plano Clark, 2007) consisting of two distinct phases. In the first phase, quantitative survey data addressed the relationships between intensity of wrongdoing, moral identity, subunit ethical leadership, and whistle-blowing. I also explored the role of external outcome beliefs and moral outrage as mediators in the survey. In the second phase, I conducted qualitative semi-structured interviews with some of the survey respondents. This latter methodology helped in two ways: (a) it investigated the intrinsic and extrinsic processes of whistle-blowing in more detail; and (b) it cleared up ambiguous relationships from the survey.

I collected data from multiple departments of a large cement manufacturing firm, CLS<sup>5</sup>, in India. The firm is traded on the Bombay Stock Exchange and the National Stock Exchange and has approximately 1200 employees with 70% of its employees having at least an undergraduate degree (and therefore, fluency in English). In 2008, CLS became one of India's top ten cement makers with 18% market share in North India. Based on the discussions with the senior management of the company, ALL employees were invited to participate in the research study.

For the survey-based part of the study, a human resource management liaison notified all employees about the research project. Following this email, I sent an online, web-based survey (<http://abhijeetdissertation.questionpro.com>) to the liaison who then forwarded it to all employees at CLS. I also sent out two reminder e-mails, one and two weeks later, to ensure participation and completion of all parts of the survey instrument. To encourage participation,

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<sup>5</sup> The name of the firm is masked to maintain confidentiality.

the communications to employees not only highlighted the importance of the research effort to the organization's goal of being recognized as a "best organization to work for" but also announced a random cash prize (Rs 500 ~ USD 10) to one member of each department if all members of that department filled out the survey. For example, if all members of the HR department filled out the survey, I promised that one randomly selected person from that department would be given the cash prize. The employees were also assured that all departments were eligible for the reward.

The survey had two broad components. The first component was a consent form whereby the respondents were:

- 1) *Informed of the purposes of the study.* To ensure high response rates and to lower hypothesis-guessing (that is, tendency to respond to the questionnaire based on the research questions), the study was framed broadly as "understanding how organizational members react to issues at work."
- 2) *Assured of the confidentiality and anonymity of their responses.* The respondents were informed that only the researcher will have access to the survey data and that no individual will be identified in any reports or academic papers based on the study. All publications will have descriptions and analyses of the data at group or aggregate levels only. Also, the respondents were assured that their participation (or not) in the study will not affect their job status at the organization.
- 3) *Asked permission to be contacted again for an interview.* Respondents were notified that based on their responses on the survey, the researcher may contact them for an interview to seek more detailed information. To maintain confidentiality, they were assured that the criteria on which they will be selected for the interview will be known only to the researcher.

No organizational member will know of the basis of selection for the interview. At this point, they were asked to provide their email address. To further assure confidentiality, respondents were informed that they were welcome to give their non-work emails if they wished.

The second component of the survey was the questionnaire itself. To establish the psychometric properties of the scales, especially those that have been created for this research, and to estimate the amount of time required to complete the instrument, the survey was pretested with a sample of MBA (Masters in Business Administration) and LER (Labor and Employee Relations) students.

### **Pretesting of the Survey**

I pretested the survey in two phases. In the first phase, I presented the instrument to eight second-year MBA students at Illinois who had some experience working in India. The purpose of this 45-minute focus group was to ensure clarity of instructions and the thoroughness and relevance of the items for my research site in India. Based on the results of this first phase, I made some modifications to the instructions as well as eliminated and rephrased items that were perceived as redundant or confusing.

Then, in the second phase, I administrated the survey to all second-year MBA and LER students at Illinois (including the eight students who participated in the focus group). They were instructed to fill out the survey, as accurately as possible, based on their experiences at their last workplace. They were also forewarned that some of the questions on the survey may seem to be organization-specific, but were asked to try to answer them to the best of their knowledge. Also, as a token of my appreciation for their time and effort, they were informed that all student respondents would be entered in a lottery. The lucky draw included a \$50 gift card for Biaggi's restaurant for every 50 students who responded to the survey. The results of the second phase

indicated that the web-based instrument functioned properly and that the estimated commitment of 30 minutes appeared to be realistic. Further, I received completed surveys from 57 respondents and found that all scales had reliabilities (cronbach alphas) between 0.72 and 0.94. Lastly, before administrating the survey, I consulted with the HRM liaison person to ensure that the response format used reflected the organization's structure as well as the terminology used at CLS. No changes were suggested by the liaison.

### **Response Rates**

Out of the 1200 employees invited to participate in the study, a total of 224 completed the entire survey for a response rate of 18.5 percent. This response rate is comparable to other studies which address research questions related to whistle-blowing in organization (e.g., Keenan & Krueger, 1992 reported a response rate of 11 percent). Of the sample, 215 were male. The median age range was 31-35 years and most respondents were at the middle-management levels (i.e., either at the managerial level or at the officer levels). That is, the response rate for Assistant General Managers was 7.4%, Senior Managers was 7.4%, Managers was 5.6%, Deputy Managers was 16.3%, Assistant Managers was 12.1%, Senior Officers was 12.1%, Officers was 6.5% and Assistant Officers was 5.1%. The organization was reluctant to share the overall demographic data of its members, but assured me that the sample demographics were representative of those of the entire population.

### **Measures**

In this dissertation, I investigate if whistle-blowing is an extrinsic or an intrinsic process. To be able to do this, I first argue that as subunit ethical leadership becomes stronger, or moral identity of observer of wrongdoing becomes more salient, the effects of wrongdoing intensity on whistle-blowing decrease. I then examine if these effects are mediated by external outcome beliefs or moral outrage. Item measures for each of these concepts are outlined in Appendix A.

**Whistle-blowing.** Since whistle-blowing is contingent upon observation of a wrongdoing, I followed prior research (Miceli & Near, 1988; 2002) and first asked survey respondents if, while at work in this organization, they had observed behaviors falling into one of the sixteen response categories provided, including stealing of organizational funds, covering up poor performance and committing a serious violation of organizational policy (see Appendix A). This list of wrongdoings has been consistently used in the whistle-blowing research because it provides a comprehensive inventory of the most frequently occurring wrongdoings in any organization (Ethics Resource Center, 2007; Miceli & Near, 2002). Many items in this list are also similar to those used in Bennett and Robinson's (2000) scale of organizational and interpersonal deviance.

If they answered in the affirmative for any of the behaviors, the respondents were asked to describe, in detail, the behavior that they observed *most recently*. Following this question, the respondents were asked if they had reported this behavior to anyone in authority inside or outside the organization. They were allowed to check multiple responses. The response to this item was the measure of whistle-blowing for the study. I coded this dependent variable such that if the observed wrongdoing was reported to anyone in or out of the organization, it was coded as 1. All other responses were coded as 0<sup>6</sup>. Of the 224 respondents to the survey, 82 (approximately 37%) reported having observed one of the sixteen types of wrongdoings<sup>7</sup>. And of these 82 respondents, 43 (approximately 52%) reported the wrongdoing to someone in authority while 37 did not

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<sup>6</sup> I coded for whistle-blowing in two additional ways: If wrongdoing was reported to the departmental head, it was coded as 1. All other responses were coded as 0. Similar coding pattern was followed if the wrongdoing was reported to the immediate supervisor.

<sup>7</sup> Given the small sample size, I conducted power analysis to determine the likelihood of committing Type II errors. I found that the power of all of my regression analyses was greater than the cut-off of 0.8 (see Cohen, 1988).

report the wrongdoing to anyone within or outside the organization. There was missing data for 2 of the respondents. Further, some respondents tended to report the wrongdoing to multiple actors. I found that 3 survey respondents reported the wrongdoing to the top management, 22 reported to their immediate supervisors, 22 to their departmental heads, 1 to an authority outside the organization, 1 to the labor union, and 6 used the online suggestion box/forum in the organization to report the wrongdoing.

**Wrongdoing intensity.** I measured wrongdoing intensity in *three* ways. *First*, after having responded to the item capturing whistle-blowing, respondents were asked to rate the intensity of the wrongdoing they observed most recently. The items for the scale was adapted from studies (e.g., May & Pauli, 2002; Singhapakdi, Vitell, & Franke, 1999) involving Jones's (1991) notion of moral intensity. Most of these studies use hypothetical scenarios followed by the item-scales to measure moral intensity of the issues in the scenarios. However, since the "scenario" in this study was a real-life event, the survey respondents were asked to base their responses on this event, namely, the wrongdoing which they may have observed most recently. Items for this scale included "The overall harm done as a result of the behavior would be very small (reverse-coded)" and "Most people would agree that the behavior I observed was wrong." Items were rated on a scale that ranged from "strongly disagree" (1) to "strongly agree" (7) and then averaged to form a measure of intensity of wrongdoing. I found the cronbach's alpha for this five-item scale to be 0.46—a value much lower than the suggested cut-off of 0.7 (Nunnally, 1978). I, therefore, did not use this measure of wrongdoing intensity in the study<sup>8 9</sup>.

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<sup>8</sup> This finding is not surprising given that McMahon and Harvey (2006) conducted a factor analysis using Jones' 12-item Perceived Moral Intensity Scale (PMIS) and found that all items measuring moral intensity did not systematically load on a single factor.

<sup>9</sup> I also conducted item analysis for this 5-item scale. Three of the items were correlated, but the cronbach alpha for the scale with these three items was 0.66, still below the cut-off of 0.7.

For the *second* measure of whistle-blowing, I included a single item capturing the overall intensity of the wrongdoing in the survey. That is, for those who had observed the wrongdoing, I adopted one item to ask them about their perceptions of the seriousness of the wrongdoing. However, these perceptions may have changed due to temporal effects and organization's response to the complaint. Thus, to minimize these biases as well as those due to common method variance, I constructed a *third* indicator of wrongdoing intensity. Specifically, I asked two expert raters (i.e., those who were working in the Human Resource field in India) to rate the seriousness of the wrongdoings described by those participants who had observed a wrongdoing from (1) "not at all serious" to (7) "highly serious." I then averaged the ratings across the two expert raters and the survey respondents for only those respondents who had observed a wrongdoing (i.e., I combined the second and third measures of whistle-blowing). To examine whether aggregation was justified, I calculated median interrater agreement  $r_{wg[j]}$  (James, Demaree, & Wolf, 1984) and two intraclass correlation coefficients-- ICC[2,1] & ICC[2, k] (McGraw & Wong, 1996; Shrout & Fleiss, 1979). All measures were acceptable, suggesting adequate levels of agreement and reliability, thereby justifying aggregation of ratings across raters ( $r_{wg[3]} = 0.8$ ; ICC[2,1]= 0.49; ICC[2,3]= 0.74) (Bliese, 2000; LeBreton & Senter, 2008)<sup>10</sup>. I used this combined measure (i.e., average of respondents' perceptions of intensity of wrongdoing and expert ratings) for all analyses.

**Subunit ethical leadership.** I assessed the subunit ethical leadership by adopting the 9 of the 10 items developed by Brown and colleagues (Brown & Trevino, 2006; Brown et al., 2005). Since the construct measures ethical leadership of the subunit/department, respondents were asked to think about their departmental heads while responding to the scale items. Sample items

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<sup>10</sup> For the two raters alone, ICC[2,1]= 0.74; ICC[2,2]= 0.85.



from the scale include “[My supervisor] listens to what employees have to say,” and “[My supervisor] conducts his/her personal life in an ethical manner.” I excluded the item “[My supervisor] disciplines employees who violate ethical standards” to avoid potential confounding with the external outcome beliefs variable (see below). To form a measure of ethical leadership, items were rated on a scale that ranged from “strongly disagree” (1) to “strongly agree” (7) and averaged (cronbach’s alpha = 0.95)<sup>11</sup>.

**Moral identity.** Aquino and Reed’s (2002) 10-item self-importance of moral identity scale was used to measure this construct. Using an inductive procedure, Aquino and Reed identified a set of traits such as caring, compassionate, honest and fair that people may consider to be characteristic of a moral person (Lapsley & Lasky, 2001). These traits were then used as identity-invoking stimuli in the measure. Items in the scale included “I strongly desire to have these characteristics” and “I am actively involved in activities that communicate to others that I have these characteristics.” Items were rated on a scale that ranged from (1) “strongly disagree” to (7) “strongly agree” and then averaged to form the measure of moral identity (cronbach’s alpha = 0.75).

**External outcome beliefs.** External outcome beliefs refer to the judgments of the extrinsic consequences that behaviors are expected to produce. These beliefs can be related either to occurrence of external, positive outcomes or to avoidance of external, negative outcomes. However, these expectancies are very specific to the actions and cannot be easily generalized. Therefore, based on the work of Trevino and colleagues (Ashkanasy et al., 2006; Trevino & Youngblood, 1990), I developed the scales for external outcome beliefs regarding whistle-

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<sup>11</sup> I also constructed a different scale for subunit ethical leadership using items 2, 6, 7, 8, 9 of the 9-item scale. This revised scale had cronbach’s alpha of 0.91 and was also used to test analyses 1 and 4.

blowing. As noted in the previous section, actors who observe wrongdoing in their organizations are more likely to blow the whistle when they expect one or more of the following as a potential outcome: (a) positive organizational response; (b) support from supervisor; and (c) no retaliation. Although this may not be an exhaustive list, previous theory (Miceli et al., 2008) suggests that these outcomes are generally expected by those who decide to blow the whistle.

For the purposes of this study, I developed one or two items measuring the expectancies of each of these potential external outcomes. For instance, based on prior research (Miceli & Near, 2002), items measuring ‘no retaliation’ included “If I were to report this behavior, I fear that some members in my organization would retaliate against me for making the complaint” and “I feel confident that I would NOT be reassigned, detailed, or transferred against my wishes if I report this behavior.” All items were rated on a scale that ranged from (1) “strongly disagree” to (7) “strongly agree” and were then averaged (Cronbach’s alpha = 0.74).

**Moral outrage.** Moral outrage is the anger which is felt when an illegitimate harm or insult is witnessed (Folger, 2001; Haidt, 2003). To measure moral outrage, I modified the anger scale based on the inventory developed by Weiss et al (also see Mattern, Rupp, & Burrus, 2004; Weiss et al., 1999), and asked survey respondents to reflect on the emotions they felt upon witnessing the wrongdoing. By referencing the wrongdoings in the instruction, I converted the state anger scale to a moral outrage scale. My adapted version of the moral outrage scale consisted of five single emotion words at various levels of arousal (e.g., frustrated, annoyed, irritated, angry, mad). I asked employees to recollect the emotions they experienced when they first observed the wrongdoing. I used a five-point likert scale ranging from (1) “not at all” to (5) “very much” (Cronbach’s alpha = 0.85). I also incorporated other emotions such happiness, guilt

, shame, embarrassment from the scale developed by Weiss and colleagues (1999) so as to avoid any hypothesis-guessing by the survey respondents<sup>12</sup>.

**Control variables.** I controlled for age and organizational position because some studies have shown that older individuals and those in higher positions are more likely to blow the whistle (Goldman, 2001; Miceli & Near, 1984). To facilitate anonymity and confidentiality, I measured age of the respondent using ranges: 18-25, 26-30, 31-35, 36-40, 41-50, 51-60, 61-65 and above 65. I captured organizational position as a continuous variable by asking respondents to select their official position from a total of 26 positions ranging from Executive Director (1) to Trainee (26) with higher values indicating lower positions. I did not control for gender because of the very low percentage of women in the sample (and in the organization). I also did not control for tenure in the organization because my conversations with the HR liaison indicated that organizational tenure was highly correlated to organizational position for employees at CLS.

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<sup>12</sup> I conducted a confirmatory factor analysis to see if all emotions loaded on three factors (as I expected): moral outrage, happiness, and inward focused emotions (which include guilt, shame, embarrassment, and anxious). I found a good fit to the observed covariance matrix,  $\chi^2$  (41, N= 224) = 78.28,  $p < 0.001$  ( $\chi^2/df = 1.86$ ; comparative fit index, CFI = 0.91; Tucker Lewis Index, TLI = 0.86; root-mean-square error of approximation = 0.06), with significant standardized factor loadings (0.44-1.00,  $p < 0.01$ ). This model was a significantly better fit than a one-factor model ( $\Delta\chi^2 = 75.6$ ,  $\Delta df = 4$ ,  $p < 0.01$ ).

## CHAPTER 4

### QUANTITATIVE ANALYSES AND RESULTS

Means, standard deviations, and correlations for the key variables appear in Table 1. I began by examining the factor structure of my independent variables with confirmatory factor analysis using AMOS software version 17 (e.g., Kline, 2005). Given the large number of items (33) relative to the sample size (82 for three variables of wrongdoing intensity, moral identity, external outcome beliefs and 224 for two moderating variables of moral identity and subunit ethical leadership), I followed procedures described by Kamdar and Van Dyne (2007) and created two or three composite indicators for each construct to improve size-to-estimator ratio (e.g., Landis, Beal, & Tesluk, 2000). My hypothesized five factor model (wrongdoing intensity, subunit ethical leadership, moral identity, external outcome beliefs, and moral outrage) had excellent fit to the observed covariance matrix,  $\chi^2 (56, N= 224) = 107.29, p < 0.001$  ( $\chi^2/df = 1.71$ ; comparative fit index, CFI = 0.97; Tucker Lewis Index, TLI = 0.95; root-mean-square error of approximation = 0.05), with significant standardized factor loadings (0.27-0.96,  $p < 0.01$ ).

I compared the fit of this five-factor model with a series of conceptually competing models. Table 2 summarizes these results and shows that Model 1 (five factors) had the best fit. Model 1 was a significantly better fit than was Model 2 with a one-factor approach ( $\Delta\chi^2 = 355.7, \Delta df = 21, p < 0.01$ ). Model 1 was also significantly better than Model 3 with two factors that contrasted one factor loading extrinsic constructs (wrongdoing intensity, subunit ethical leadership, external outcome beliefs) with a factor loading intrinsic variables (moral identity and moral outrage) ( $\Delta\chi^2 = 212.66, \Delta df = 8, p < 0.01$ ). Model 1 was also significantly better than other plausible three- and four-factor models (see Table 2 for details). I retained Model 1 because it

reflected my hypothesized approach, fit the data well (RMSEA = 0.05) and was most parsimonious.

Next, I assessed convergent and discriminant validity with average variance extracted (AVE) for each construct and whether the squared interconstruct correlations for pairs of constructs were greater than the average shared variance of each construct (Fornell & Larcker, 1981; Netemeyer, Johnston, & Burton, 1990). According to Fornell and Larcker (1981), evidence of convergent validity is provided if AVE is greater than 0.5. The AVE values for the constructs of subunit ethical leadership and moral outrage were 0.84 and 0.71 respectively. In addition, the AVE values for subunit ethical leadership and moral outrage were greater than squared interconstruct correlations (0.01-0.47). These values provide support for the convergent and discriminant validity of these two constructs. By contrast, the AVE for wrongdoing intensity, moral identity and external outcome beliefs were 0.23, 0.38 and 0.39 respectively, below the cut-off value of 0.5. Therefore, I undertook a procedure to further examine the convergent validity of items within each scale of, and discriminant validity between these three constructs. Following Netemeyer and colleagues (1990), I compared the fit of a unidimensional model (i.e., wrongdoing intensity, moral identity and external outcome beliefs with a unity correlation) to the hypothesized three-factor model (i.e., wrongdoing intensity, moral identity and external outcome beliefs as three separate but correlated constructs). For the unidimensional model,  $\chi^2$  (20, N= 224) = 115.86 ( $p < 0.001$ ); for the three-factor structure,  $\chi^2$  (18, N= 224) = 31.08 ( $p < 0.05$ ). The significant improvement in fit of the three-factor solution over the unidimensional model ( $\Delta\chi^2 = 84.78$ ,  $\Delta df = 2$ ,  $p < 0.001$ ) offers support for the convergent and the discriminant validity of the scales.

Before I tested my proposed hypotheses, I checked if wrongdoing intensity was related to whistle-blowing. I conducted hierarchical logistic regression (Aiken & West, 1991; Pampel, 2000) since my dependent variable was a dichotomous variable. It should be noted that the logistic regression coefficients presented are logs of odd ratios. Log odd ratios are not standardized and thus cannot be used to evaluate the relative strength of the predictors (Menard, 1995). Model chi-square values are provided for each equation computed and are analogous to the multivariate F tests used in linear regression (Demaris, 1992). As can be seen from Table 3, Model 2 and in lines with previous research (Bergman et al., 2002; King, 1997; Lee et al., 2004; Miceli et al., 2008; Starkey, 1998), I found that the intensity of wrongdoing was positively related to whistle-blowing, that is, the regression coefficient for this term was positive and significant ( $B = 0.44$ ,  $S.E. = 0.17$ ,  $p < 0.05$ )<sup>13 14</sup>.

### **Moderating Role of Subunit Ethical Leadership**

Next, I tested hypothesis 1 which proposes the interaction effects of wrongdoing intensity and subunit ethical leadership on whistle-blowing. Since subunit ethical leadership may be considered to be a higher-level (i.e., subunit-level) construct and individuals are nested within subunits, I first conducted some preliminary analyses to verify if I would need to run

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<sup>13</sup> I ran all analyses using ‘whistle-blowing to supervisor’ as the dependent variable. I did not find support for any hypotheses using this dependent variable. I also conducted all analyses using ‘whistle-blowing to departmental head’ as the dependent variable. I found support for hypothesis 2 (the joint effects of wrongdoing intensity and moral identity on whistle-blowing) only using this dependent variable ( $B = -0.705$ ,  $S.E. = 0.345$ ,  $p < 0.05$ ).

<sup>14</sup> I conducted all analyses using item 2 from the wrongdoing intensity scale (i.e., most people would agree that the behavior I observed was wrong), but found no significant results. In addition, I analyzed my data using (a) the second measure of intensity, namely, respondents’ perceptions of the overall intensity of wrongdoing, and (b) expert ratings of the intensity of wrongdoing, separately. Results using both measures were in the same direction, albeit weaker, as those presented in this chapter.

Hierarchical General Linear Models (HGLM) (Bryk & Raudenbush, 1992). A prerequisite for running HGLM is significant between-group variance in the dependent variable of interest (Hofmann, Griffin, & Gavin, 2000). To assess this precondition, I used the multilevel logistic regression within the MLwiN program (Rasbash, Charlton, Browne, Healy, & Cameron, 2009) by specifying a HGLM with a Bernoulli distribution. Results provided evidence of no differences in ethical leadership ratings across subunits, thereby suggesting that cross-level analyses were not required for my study. However, Singer (1998: 351) notes that these tests should not be taken as conclusive:

“the validity of these tests has been called into question both because they rely on large sample approximations (not useful with the small sample sizes often analyzed using multilevel models) and because variance components are known to have skewed (and bounded) sampling distributions that render normal approximations such as these questionable.”

Therefore I conducted further analyses. I found that ICC(1) scores, which index the amount of variance explained by subunit-level effects, did not exceed 0.7. ICC(2) scores, which index the extent to which rating of employee is substitutable for rating of another, were also low ( $< 0.3$ ) and did not reach the 0.7 benchmark for aggregation. Therefore, I concluded that whistleblowing did not vary by subunits. Consequently, I tested hypothesis 1 using hierarchical logistic regression analysis.

More specifically, after centering the independent variables (Aiken & West, 1991), I introduced into the regression equation the control variables (i.e., age, official position). I then added the main effect variables of wrongdoing intensity, subunit ethical leadership, and moral identity. Finally, I introduced the relevant two-way interactions (wrongdoing intensity \* subunit ethical leadership; wrongdoing intensity \* moral identity). As shown in Table 3, Model 3, the regression coefficient for wrongdoing intensity\*subunit ethical leadership is nonsignificant

( $B = -0.13$ ,  $S.E. = 0.14$ ;  $p = n.s.$ ), thus indicating that wrongdoing intensity and subunit ethical leadership did not interact to influence whistle-blowing. Therefore, hypothesis 1 was not supported<sup>15</sup>.

### **Moderating Role of Moral Identity**

Hypothesis 2 proposes the moderating role of moral identity on the wrongdoing intensity-whistle-blowing relationship. As can be seen from the Table 3, Model 3, the interaction term of moral identity with wrongdoing intensity was significant with respect to whistle-blowing ( $B = 0.66$ ,  $S.E. = 0.3$ ;  $p < 0.05$ ), thereby providing evidence supporting hypothesis 2. In order to illustrate the nature of the interaction, I plotted the equation at one standard deviation above and below the mean of both predictors. A logistic regression equation predicts logit of the probability of whistle-blowing. I transformed the predicted values of the dependent variable to the probability of whistle-blowing following the formula presented in Cohen et al (2003, p. 491). The plot of the interaction is presented in Figure 2. Simple slope analysis revealed that, for observers with highly salient moral identities, wrongdoing intensity was related to the probability of whistle-blowing ( $B = -3.776$ ,  $S.E. = 1.95$ ;  $p = 0.05$ ). For observers with low salience of moral identity, there was no relationship between wrongdoing intensity and the probability of whistle-blowing ( $B = -1.676$ ,  $S.E. = 0.98$ ;  $p = n.s.$ ), thus providing unexpected findings with regards to hypothesis 2.

### **Mediating Mechanisms**

To demonstrate mediation, Baron and Kenny (1986) argue that four conditions must be met. First, the independent variables must be significantly related to the dependent variable. The second condition is that the independent variables must be significantly related to the proposed

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<sup>15</sup> I also tested hypothesis 1 using the revised subunit ethical leadership scale (see footnote 6). The results were virtually identical.



mediators. Third, the mediators must affect the dependent variable. And the fourth condition is that when the proposed mediators are added to the equation where the dependent variable is regressed on the independent variables, the coefficients of the mediators are significant and the beta coefficient for the independent variable becomes statistically weaker or nonsignificant.

However, methodologists have argued that as the mediational process becomes more distal or complex, the size of the association between the independent and the dependent variables typically gets smaller because it is more likely to be “(a) transmitted through additional links in a causal chain, (b) affected by competing causes, and (c) affected by random factors” (Shrout & Bolger, 2002, p. 429). Scholars have, therefore, questioned whether it is necessary to fulfill the first condition of mediation as suggested by Baron and Kenny (1986). In fact, Kenny, Kashy, and Bolger (1998) presented an updated account of Baron and Kenny and noted that condition 1 is no longer essential in establishing mediation. Furthermore, scholars have identified additional shortcomings in this revised approach—such as low power and high likelihood of Type I errors (see MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002). As a consequence, it has been proposed that mediational analyses be based on the Sobel (1982) test which tests the significance of the indirect effect  $ab$  (see Figure 3), where  $a$  and  $b$  are the unstandardized regression coefficients for the association between the independent variable and mediator, and mediator and dependent variable respectively. However, the Sobel test is not without limitations. First, the test rests on the assumption that the indirect effect  $ab$  is normally distributed. But Edwards and Lambert (2007) have argued that this assumption is weak since the distribution of  $ab$  is known to be nonnormal, irrespective of the distributions of the variables comprising the product  $ab$ . The use of Sobel tests is further complicated when the sample size is small and when the outcome variables are binary (as in the present case) because “the variance of the residual in

equations is fixed, whereas in ordinary regression the variance of the dependent variable is observed and constant across models. That is, the scale in ordinary regression is constant across equations, whereas the scale in logistic or probit regression depends on the extent of prediction that depends on the variables in the model” (MacKinnon & Dwyer, 1993: 150). Therefore, bootstrapping is recommended. Through the application of bootstrapped confidence intervals, it is possible to avoid power problems introduced by asymmetric and other nonnormal sampling distributions of an indirect effect (see Cole, Walter, & Bruch, 2008 for similar arguments). In accordance, I ran the proposed mediation hypotheses using the modified Baron and Kenny (1986) method as well as the bootstrapping program provided by Preacher and Hayes (2004). As can be seen below, the results were quite identical using both methods.

For testing hypothesis 3a, which proposes the mediating role of external outcome beliefs for the relationship between wrongdoing intensity and whistle-blowing, I first followed the Baron and Kenny (1986) method. The results of the mediation analyses are also displayed in Table 3. I first introduced the control variables (Model 1), followed by wrongdoing intensity, subunit ethical leadership, and moral identity (Model 2) in the regression with whistle-blowing as a dependent variable. I then ran a regression analyses with external outcome beliefs as dependent variable and wrongdoing intensity, subunit ethical leadership, and moral identity as independent variables (Model 10). I found that wrongdoing intensity was not related to external outcome beliefs ( $B = -0.01$ ,  $S.E. = 0.08$ ,  $p = n.s.$ ). Therefore, the second condition of mediation was not fulfilled, thereby suggesting that external outcome beliefs do not mediate the wrongdoing intensity-whistle-blowing relationship. As table 4 illustrates, bootstrapping results also showed that the indirect effect from wrongdoing intensity to whistle-blowing through

external outcome beliefs was not different from zero (0.004; 95% bootstrap CI = -0.13 to 0.15). Therefore, hypothesis 3a was not supported.

I followed a similar procedure and tested hypothesis 3b-- the mediating role of moral outrage for the wrongdoing intensity and whistle-blowing relationship—using the Baron and Kenny (1986) method first. As shown above, wrongdoing intensity was significantly related to whistle-blowing. I also ran a regression analyses with moral outrage as dependent variable and the control variables (Model 12) and wrongdoing intensity, subunit ethical leadership, and moral identity as independent variables (Model 13). I found that wrongdoing intensity was significantly related to moral outrage ( $B = 0.26$ ,  $S.E. = 0.06$ ;  $p < 0.01$ ), thus satisfying the second condition of mediation. I also found that moral outrage was significantly related to whistle-blowing ( $B = 0.77$ ,  $S.E. = 0.28$ ;  $p < 0.01$ ). Next, when I added moral outrage to the equation where whistle-blowing was regressed on wrongdoing intensity (model 6), the coefficient of moral outrage was significant ( $B = 1.08$ ,  $S.E. = 0.38$ ;  $p < 0.01$ ) and the coefficient for wrongdoing intensity became nonsignificant ( $B = 0.24$ ,  $S.E. = 0.19$ ;  $p = n.s.$ ), thereby fulfilling the fourth condition of mediation. As table 5 illustrates, bootstrapping results also showed that the indirect effect from wrongdoing intensity to whistle-blowing through moral outrage was significantly different from zero (0.17; 95% bootstrap CI = 0.01 to 0.42). Therefore, hypothesis 3b was supported<sup>16</sup>.

Now, to test for the relative effects of the two processes, I again adopted the bootstrap approach and used an application by Preacher and Hayes (2008). This macro is used to generate estimates for indirect effects in a multiple mediator model along with all possible pairwise comparisons between indirect effects. The 95% confidence intervals for the size of the indirect

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<sup>16</sup> I analyzed my data to test if the other measured emotions (inward-focused emotions and happiness) had any mediating effects (i.e., hypotheses 3a, 3b, 4 and 5). Results showed no significant relationships.

effects, after controlling for age and position, excluded zero for the contrast between external outcome beliefs and moral outrage [-0.8432, -0.0290]. Therefore, the indirect effect for the wrongdoing intensity-whistle-blowing relationship through moral outrage is larger than the specific indirect effect through external outcome beliefs.

### **Mediators for Two Two-Way Interactions**

Hypothesis 4 proposed that external outcome beliefs mediate the joint effects of wrongdoing intensity and subunit ethical leadership on whistle-blowing. I tested this relationship using three procedures: (a) the modified Baron and Kenny (1986) method, (b) the bootstrapping method (Hayes, 2009), and (c) the mediated moderation steps as recommended by Muller, Judd, and Yzerbyt (2005). The results of the mediation analyses using the Baron and Kenny (1986) method are shown in Table 3. The table shows that wrongdoing intensity and subunit ethical leadership jointly influenced external outcome beliefs (Model 11) ( $B = 0.12$ ,  $S.E. = 0.06$ ;  $p < 0.05$ ) and that external outcome beliefs was related to whistle-blowing (Model 4) ( $B = 0.63$ ,  $S.E. = 0.24$ ;  $p < 0.01$ ). Now when external outcome beliefs was introduced in model 3 which regressed whistle-blowing on the interaction of wrongdoing intensity and subunit ethical leadership (Model 7), the effects of the interaction of wrongdoing intensity and subunit ethical leadership were nonsignificant while the coefficient of external outcome beliefs was significant ( $B = 1.18$ ,  $S.E. = 0.38$ ;  $p < 0.01$ ) suggesting that wrongdoing intensity and subunit ethical leadership influenced whistle-blowing through external outcome beliefs.

Bootstrapping provided similar results suggesting the indirect effects of the interaction of wrongdoing intensity and subunit ethical leadership on whistle-blowing through external outcome beliefs (0.02; 95% bootstrap CI = 0.002 to 0.045).

According to Muller and colleagues (2005), the first criterion of the mediated moderation method is for the interaction of moderating and independent variables to significantly predict the dependent variable. However, Edwards and Lambert (2007) have argued that this condition may not be required, given the modified approach suggested by Kenny and colleagues (Kenny et al., 1998) outlined above. The second criterion is for the interaction of independent and moderating variables (wrongdoing intensity and subunit ethical leadership respectively) to significantly predict the mediating variable (external outcome beliefs) and the mediating variable to predict the dependent variable (whistle-blowing). As noted above, these conditions were satisfied (also see Table 6, Models 8 and 4). The third criterion is for the mediator to significantly predict the dependent variable while controlling for the interactions between the moderating and the independent variables, and between the moderating variables and the mediator. For this, external outcome beliefs was introduced into model 3 (which regressed whistle-blowing on the interaction of wrongdoing intensity and subunit ethical leadership) along with the two-way interaction between subunit ethical leadership and external outcome beliefs (Table 6, Model 5). The third criterion was satisfied since the coefficient for external outcome beliefs was significant ( $B = 1.37$ ,  $S.E. = 0.43$ ;  $p < 0.01$ ). Finally, the interaction between independent variable and moderating variable as well as between moderating variable and mediating variable should be nonsignificant after entering the mediator for Hypothesis 4 to be true. As can be seen in Table 6, the coefficients of the interaction term of wrongdoing intensity and subunit ethical leadership and of subunit ethical leadership and external outcome beliefs were nonsignificant in Model 5. All three tests indicated that hypothesis 4 was true<sup>17</sup>.

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<sup>17</sup> I tested hypothesis 4 using the revised subunit ethical leadership scale (see footnote 6) and did not find statistically significant results.

I conducted some post hoc analyses to test if moral outrage mediated the joint effects of wrongdoing intensity and subunit ethical leadership on whistle-blowing and found that the relationship was not statistically significant. To test for the relative effects of the two processes, I adopted the bootstrap application by Preacher and Hayes (2008). The 95% confidence intervals for the size of the indirect effects, after controlling for age, position, the independent variables and the wrongdoing intensity-moral identity interaction, did not exclude zero for the contrast between external outcome beliefs and moral outrage [-0.0671, 1.1190]. Therefore, the indirect effects for the wrongdoing intensity-subunit ethical leadership interaction on whistle-blowing through external outcome beliefs and moral outrage can't be distinguished in terms of magnitude, despite the fact that the indirect effect of external outcome beliefs was significantly different from zero and that for moral outrage was not.

Hypothesis 5 proposed that moral outrage mediates the joint effects of wrongdoing intensity and moral identity on whistle-blowing. I tested this relationship again using three procedures outlined above. The results of the mediation analyses using the Baron and Kenny (1986) method are shown in Table 3. As noted above (hypothesis 2) and as illustrated by Model 3, the interaction term of moral identity with wrongdoing intensity was significant with respect to whistle-blowing ( $B = 0.66$ ,  $S.E. = 0.3$ ;  $p < 0.05$ ), thereby satisfying the first condition of mediation. The table also shows that wrongdoing intensity and moral identity jointly influenced moral outrage (Model 14) ( $B = 0.14$ ,  $S.E. = 0.07$ ;  $p < 0.05$ ) and that moral outrage was related to whistle-blowing (Model 5) ( $B = 0.77$ ,  $S.E. = 0.28$ ;  $p < 0.01$ ). Now when the moral outrage was introduced in model 3, the effects of the interaction of wrongdoing intensity and moral identity became nonsignificant while the coefficient of moral outrage was significant ( $B = 0.92$ ,  $S.E. =$

0.38;  $p < 0.01$ ) suggesting that wrongdoing intensity and moral identity influenced whistle-blowing through moral outrage.

Bootstrapping provided similar results suggesting the indirect effects of the interaction of wrongdoing intensity and moral identity on whistle-blowing through moral outrage (0.033; 95% bootstrap CI = 0.004 to 0.075).

The first criterion of the mediated moderation method (Muller et al., 2005) is for the interaction of moderating and independent variables to significantly predict the dependent variable. This condition is fulfilled since Hypothesis 2 is supported (also see Table 7, model 3). The second criterion is for the interaction of independent and moderating variables (wrongdoing intensity and moral identity respectively) to significantly predict the mediating variable (moral outrage). As noted above, this condition was satisfied (see Table 7, Model 8). The third criterion is for the mediator to significantly predict the dependent variable while controlling for the interactions between the moderating and the independent variables, and between the moderating variables and the mediator. For this, moral outrage was introduced into model 3 along with the two-way interaction between the moderating variable and mediator (moral identity \* moral outrage) (Table 7, Model 5). The third criterion was satisfied since the coefficient for moral outrage is significant ( $B = 1.04$ ,  $S.E. = 0.41$ ;  $p < 0.05$ ). Finally, the interaction between independent variable and moderating variable as well as between moderating variable and mediating variable should be nonsignificant after entering the mediator for Hypothesis 5 to be true. As can be seen in Table 7, the coefficients of the interaction terms of wrongdoing intensity and moral identity and of moral identity and moral outrage were nonsignificant in Model 5. All three tests indicated that hypothesis 5 was true.

I conducted some post hoc analyses to test if external outcome beliefs mediated the joint effects of wrongdoing intensity and moral identity on whistle-blowing. I found no significant relationship. To test for the relative effects of the two processes, I again adopted the bootstrap application by Preacher and Hayes (2008). The 95% confidence intervals for the size of the indirect effects, after controlling for age, position, the independent variables and the wrongdoing intensity-subunit ethical leadership interaction, excluded zero for the contrast between external outcome beliefs and moral outrage [-0.1520, -0.0149]. Therefore, the indirect effect for the wrongdoing intensity\*moral identity-whistle-blowing relationship through moral outrage is larger than the specific indirect effect through external outcome beliefs<sup>18</sup>.

## **Conclusion**

The primary purpose of this dissertation is to investigate if whistle-blowing is an extrinsic or an intrinsic process. My quantitative analyses indicate that whistle-blowing may largely be an intrinsic process—I found support for my arguments that the effects of wrongdoing intensity on whistle-blowing are mediated by moral outrage. That is, as wrongdoing intensity increases, observers of wrongdoing are likely to feel more morally outraged, thereby increasing their likelihood of blowing the whistle. My analyses also revealed that the wrongdoing intensity—whistle-blowing linkage is dependent on the moral identity of the observer and that the joint effects of wrongdoing intensity and moral identity on whistle-blowing are again mediated by moral outrage. Further analyses also revealed that the indirect effects for both--wrongdoing intensity-whistle-blowing relationship and the wrongdoing intensity\*moral identity-whistle-blowing relationship-- through moral outrage is larger than the specific indirect effects through

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<sup>18</sup> I also ran some analysis to test for a three-way interaction between wrongdoing intensity, subunit ethical leadership, and moral identity on the mediators and on whistle-blowing. I found no significant relationships.



external outcome beliefs. By contrast, my findings provide limited support for the extrinsic processes of whistle-blowing. That is, I did not find any support for my predictions that external outcome beliefs mediate the relationship between wrongdoing intensity and whistle-blowing. Although I did not find support for the prediction that subunit ethical leadership will moderate the wrongdoing intensity- whistle-blowing relation, my analyses illustrated that external outcome beliefs mediate the effects of the two-way interaction of wrongdoing intensity and subunit ethical leadership on whistle-blowing. However, the indirect effect for the wrongdoing intensity\*subunit ethical leadership-whistle-blowing relationship through external outcome beliefs was not larger than the specific indirect effect through moral outrage. I discuss some of the unexpected findings, theoretical and practical implications as well as arenas for future research in the Discussion chapter of the dissertation. Also, I conducted semi-structured interviews with some of the survey respondents to (a) clear up ambiguous relationships in the survey, and (b) elaborate theory by investigating extrinsic and intrinsic processes of whistle-blowing in more detail by systematically exploring how observers of wrongdoing decide to blow the whistle (or not). I discuss this methodology and the findings in the following chapter.

## **CHAPTER 5**

### **QUALITATIVE METHODOLOGY AND FINDINGS**

Ajay<sup>19</sup> has been working at CLS for over five years now. He has rapidly advanced in the organization and, until recently, he was a key member of one of the fastest growing subunits of the organization. But last month, he was involuntarily transferred to a different department and is now responsible for co-ordination of projects—a job he considers to be far beneath his capabilities, abilities and qualifications.

Ajay attributes this demotion to his act of whistle-blowing. For several months, Ajay had noticed his previous supervisor (from the growing subunit) engaging in several illegal and immoral practices including, but not limited to, sexual harassment and bribery. About six months ago, he went to one of the vice presidents of the company in order to do something about the situation. He was given a patient hearing and was informed that the matter would be “taken care of.” When his boss’s attitudes and behaviors did not change, he went back to the vice president after a few weeks and was asked “not to worry.” Around the same time, he came up for his performance appraisals, but was denied promotion for the first time since joining CLS. His boss (the alleged perpetrator) pointed out that he was deeply dissatisfied with Ajay’s work. Although he was hurt for being refused his much-deserved raise, Ajay tried to work harder and improve his performance. Then, last month, he was asked to take on his new job responsibilities in a different department. When he expressed discontent, he was informed that he had no choice but to move to the new position or leave the organization. Ajay is now afraid that he would be fired but has still decided to go to the board of directors of CLS directly to blow the whistle. He is currently collecting evidence for his claims against his former boss.

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<sup>19</sup> The names of the informants and the firm are masked here to maintain confidentiality.

The above chronicle was shared by one of the whistle-blowers interviewed for the study<sup>20</sup>-- Ajay who reported having a salient moral identity and weak subunit ethical leadership in the survey. Throughout the interview, Ajay seemed very angry and upset. He even cried when he described the retaliation he had been facing for blowing the whistle. But he seemed determined to expose the perpetrator and correct the situation. He appeared to be persevering despite the sanctions and the retaliation he was facing. In fact, he brought several documents to the interview to prove several of his allegations.

I describe Ajay's account because it mirrors that of majority of the whistle-blowers I interviewed. Most whistle-blowers expressed strong emotions, especially anger, during the interviews. They also expressed hope that I would listen to their concerns, be sympathetic and provide feedback to the management. In addition, Ajay's story provides a helpful illustration of the framework that was supported by the survey data as well as the one that emerged from the qualitative data. I present the latter framework in this chapter of my dissertation. But I begin this chapter with a brief review of the quantitative findings and a discussion of the qualitative data collection and analytical strategies.

It may be important to note that I did not prime/remind Ajay or any other informants of their responses to the survey at any point before, during, or after the interview. Instead I informed them that I wanted to have a general conversation about themselves, their supervisors, and the organization before discussing the survey.

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<sup>20</sup> This whistle-blower refused to let me record the interview or even take notes. So this account of events is based on my field notes made right after the interview.

## **Review of Quantitative Findings**

My quantitative analysis of the survey data provided support for the arguments that the effects of wrongdoing intensity on the likelihood of whistle-blowing are mediated by moral outrage. That is, as wrongdoing intensity increases, observers of wrongdoing are likely to feel more moral outrage, thereby increasing their likelihood of blowing the whistle. I also found that the wrongdoing intensity—whistle-blowing linkage is dependent on the moral identity of the observer and that the joint effects of wrongdoing intensity and moral identity on whistle-blowing are again mediated by moral outrage. But I did not find any support for my predictions that: (a) external outcome beliefs mediate the relationship between wrongdoing intensity and whistle-blowing; (b) subunit ethical leadership moderates the wrongdoing intensity- whistle-blowing relation. Finally, my results demonstrated that external outcome beliefs mediate the effects of the two-way interaction of wrongdoing intensity and subunit ethical leadership on whistle-blowing.

## **Qualitative Data Collection**

Qualitative research is particularly appropriate to use when researchers are interested in understanding a relatively unexamined phenomenon, or one in which the findings are mixed or inconclusive (Marshall & Rossman, 1989). Qualitative methods are also appropriate to elaborate an existing theory (Lee, Mitchell, & Sablinski, 1999). Theory elaboration differs from theory development in that it occurs when existing theoretical and conceptual ideas inform the study's questions and designs, permitting researchers to build upon and examine the linkages between existing concepts. Since the current study meets these latter criteria, adopting qualitative methodology in the form of semi-structured interviews substantially strengthened this investigation. Specifically, this methodology helped (a) clear up ambiguous relationships in the survey, (b) elaborate theory by investigating extrinsic and intrinsic processes of whistle-blowing

in more detail by systematically exploring how observers of wrongdoing decide to blow the whistle (or not).

**Research Context and Sampling.** In qualitative research, a significant consideration is selection of the research context and participants who will provide the researcher with the best opportunity to learn about the phenomenon of interest (Creswell, 2003). Among the most important considerations are whether one's phenomena of interest will be clearly visible (Eisenhardt, 1989), whether there will be congruence between the research questions and the research context, and whether the quality and credibility of the data can be reasonably assured (Marshall & Rossman, 1989). In short, qualitative context and participant selection must be done "purposefully" to permit optimal examination of the phenomena of interest (Lincoln & Guba, 1985).

With these criteria in mind, I collected data from a single organization, CLS. I focused on a single organization because individuals within the same organization are likely to have similar organizational and institutional pressures to engage in whistle-blowing (or not). Therefore, several experiences of whistle-blowers and inactive observers may be considered to be comparable, thereby facilitating elaboration of the theory of whistle-blowing. As noted in the preceding chapters, CLS is a large cement manufacturing firm in India. The firm has approximately 1200 employees with 70% of its employees having at least an undergraduate degree (and therefore, fluency in English). CLS is an ideal context for this study for three main reasons: First, the firm is located in India. India is one of the fastest growing economies in the world with 7% GDP growth rate in 2009, while also being ranked in the top 50% of all countries on the world corruption index. These rates and figures indicate that exploring the process of whistle-blowing in an organization in India is not only essential but would also benefit from the

potential prevalence of corruption and corporate crime, which are assumed to be institutionalized in the country. Second, although CLS does not have an ethics and compliance program, it provides its employees with several avenues (e.g., suggestion boxes) to express grievances and discontent. Therefore, whistle-blowing is more likely to be clearly visible at CLS, thus fulfilling a criteria suggested by Eisenhardt (1989). And third, the research site provided me with an opportunity to interact with its employees on multiple occasions (see below), which in turn, assisted in establishing the much-desired trusting relationship with my informants, which was critical given my research questions.

**Data Collection.** I collected data through semi-structured interviews, archived organizational documents, and observations.

**Interviews.** I collected my primary data through face-to-face, in-depth interviews. Consistent with methods used by organizational researchers, I utilized a semi-structured approach to gathering data (Marshall & Rossman, 1989). I selected four “groups” of informants to facilitate both intra-case and inter-case analysis (Yin, 1981). I identified potential informants in each of these groups based on the results of the survey conducted five months prior to the scheduled interviews. I invited a total of 20 survey respondents to participate in the semi-structured interviews. Both whistle-blowers and inactive observers were selected based on their scores on the two moderating variables, i.e., moral identity and subunit ethical leadership. I separated the informants in this way based on my research questions which investigated the role of subunit ethical leadership and moral identity on whistle-blowing.

Specifically, I invited 5 participants who had salient moral identity and strong subunit ethical leadership, 5 participants who had salient moral identity but weak subunit ethical leadership, 5 participants who had non-salient moral identity and strong subunit ethical

leadership, and 5 participants who had non-salient moral identity and weak subunit ethical leadership. I considered a respondent to have a salient moral identity or strong subunit ethical leadership and non-salient moral identity or weak subunit ethical leadership if the values of the variables in the survey data for the informant were above and below the sample medians respectively. Ten of the invited participants were whistle-blowers and 10 were inactive observers. Of these, 14<sup>21</sup> participated in the one-to-one interviews (3 in salient/strong, 5 in salient/weak, 3 in non-salient/strong, and 3 in non-salient/weak conditions). Of these, 8 were whistle-blowers and 6 were inactive observers. Table 8 provides some information about the informants.

I emailed prospective informants and then followed-up with the HR liaison to schedule the interviews. At this point, neither the department nor the participants were informed of the purposes of the interview. They were simply told that the interviews were being conducted to understand further some of the survey responses. I was acquainted with three of the informants because of a previous study on positive deviance and a training session on negotiations I had conducted at the organization a year earlier. To avoid biases, I intentionally did not use these connections as a basis to select informants. However, I believe that our previous interactions facilitated the atmosphere of honesty and openness which is vital given my research questions.

Interviews were performed at the research site over two days and each interview lasted for approximately 30 to 45 minutes. I recorded interviews for 13 informants<sup>22</sup> as well as took notes, and then transcribed the interviews verbatim. Although I modified the interview protocol as I conducted the interviews to explore the emerging themes (Spradley, 1979), common to the

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<sup>21</sup> Although all 20 participants had earlier agreed to the interviews, 6 were unavailable due to scheduling issues when I visited the research site.

<sup>22</sup> As noted above, Ajay, whose story is described at the beginning of this chapter, was very insistent that I do not record the conversation in any form.

protocols were questions about each informant's perceptions of his or her (a) personal identity, (b) relationships (with the organization, supervisor, colleagues), (c) the incident of wrongdoing that he or she had reported in the interview, and (d) his or her reactions to the incident (see Appendix B for the protocol). Before asking the informants about the wrongdoing and their reactions to the incident, I asked them to rank-order items in terms of how important they were to their self-concepts/identities; with 1 being the most important and higher numbers denoting less importance. These items included "self," "family," "friends," "colleagues and peers," "department head/supervisor," and "organization." I also used an adapted version of the Bergami and Bagozzi (2000) identification measure (question 9 in Appendix B) to understand the level of identification of informants with their supervisors and the organization.

***Archival Data.*** To gain background information to facilitate my understanding of the culture at CLS, I collected and read the company's newsletters and annual reports. These sources provided data that was reflective of the characteristics of the organization, and for which the organization had given significant attention to compiling for public or private viewing (Creswell, 2003). Thus, these materials provided a secondary data source (Jick, 1979) and facilitated further understanding of the organizational purpose and intended goals and motives of the organization. These documents were not subjected to any formal analysis.

***Observation.*** I also engaged in direct observation of various organizational actions including participation in social and cultural activities. For example, I chaired the children's talent show during one of my visits to the research site. These observations were followed by impromptu conversations with some of the organizational members. Although these observations were not subjected to formal analysis, they were useful to understand better the cultural and



structural aspects of CLS. Even the social environment in which the dynamics occur can be better understood through observations.

### **Qualitative Data Analysis**

As is true with all social science research methods, the success of an inductive field research program depends on the adoption of data analysis techniques designed to maximize the rigor of the data analysis. Accordingly, I analyzed the interview and archival data collected using grounded theory (Glaser and Strauss, 1967; Strauss and Corbin, 1998). Consistent with the grounded theory method, I analyzed the data in an iterative pattern, linking the data to the emerging theoretical framework and vice-versa (Strauss & Corbin, 1990). My analysis comprised of three main steps.

**Step 1: Creating provisional categories and first-order categories.** I began by open coding my informants' views of the world (Locke, 2001). That is, I read the transcript from each interview line-by-line and coded for concepts found in the data. I then drew on common statements to form provisional categories and first-order codes. I followed the recommendations by Miles and Huberman (1994) and used contact summary forms to record the provisional categories revealed in each of my interviews. For example, I open coded all interviews and identified statements which highlighted who the informants were in relation to the work they did or liked to do. I then combined all statements made by all informants about who they were to form first-order codes. I then categorized these statements as workplace identities of the informants, thereby forming a provisional category. Once categories were constructed, I reviewed the data again to see which, if any, fitted each category. Whenever the revisited data did not fit well into a category, I abandoned or revised that category. In each phase of my interviews, I used categories recognized in the earlier interviews to modify and direct later

interviews as data collection continued (Spradley, 1979). In addition, themes and theoretical categories from the first phase were used to analyze the data from the latter phases.

**Step 2: Integrating first-order codes and creating theoretical categories.** Codes from each phase were consolidated for each group. That is, I summarized the contact forms compiled from all the data collected from different groups (e.g., inactive observers vs. whistle-blowers; salient moral identities vs. not; etc.) into different sets of themes. This stage of analysis allowed me to compare “intragroup and intergroup” (Pratt, Rockmann, & Kaufmann, 2006). For example, after I categorized some statements as reflecting notions about the informants’ workplace identities, I compared the interviews of whistle-blowers with inactive observers to explore if and how informants within and between these groups discussed workplace identities. I then consolidated and moved to more theoretical and more abstract categories. That is, I moved from open to axial coding (Locke, 2001; Strauss & Corbin, 1990). Axial coding mainly involves organizing the concepts and making them more abstract.

**Step 3: Delimiting theory by aggregating theoretical dimensions.** In this step, I looked for dimensions underlying the theoretical categories I had generated in an attempt to understand how different categories fitted together in a coherent picture. Once I identified a possible framework, I reexamined if the data fitted with my emergent theoretical understanding (Glaser & Strauss, 1967; Locke, 2001). Once I found an adequate fit between the theoretical framework and the data and to ensure further trustworthiness of my findings (see Lincoln & Guba, 1985), I used peer debriefing in that I engaged other researchers not involved in the study to discuss emerging patterns in the data, to serve as a sounding board for evolving themes and categories, and to solicit critical questions about data collection and analysis procedures.

It is important to note that, although the analytic processes of open, axial, and selective coding are referred to as “steps,” they do not occur sequentially. Rather, they involve a dynamic process which allows the researcher to move back and forth between data and theory (Strauss and Corbin, 1998). This approach helped me to discover theory grounded in information from participants and to construct a rich, detailed description of the central phenomena of interest. All coding was recorded in NVivo 8 software in order to facilitate organization and retrieval of data. Given the small number of informants, I focused my analysis on exploring the factors that differentiated whistle-blowers from inactive observers with the aim of elaborating the framework proposed in chapter 2 (on theory development). Figure 4 summarizes the process that I followed, which shows the first-order and higher-order categories.

## **Findings**

As I looked at the data from inactive observers and whistle-blowers, *four* main findings became apparent. *First*, inactive observers and whistle-blowers both seemed to identify with the organization to a large extent. However, the foundation of their attachments seemed to differ extensively. For inactive observers, organizational identification appeared to stem directly from identification with their supervisors. That is, inactive observers considered their supervisors to be representatives of the organization and viewed them to be synonymous with the organization. They even noted that they liked the organization and their supervisors for the same reasons. By contrast, whistle-blowers seemed to identify with the organization more broadly and seemed to view the organization as a fair and caring entity in itself. In fact, they did not view their supervisors as favorably as did the inactive observers and blamed any system failures on their supervisors rather than the organization.

*Second*, when asked to describe themselves, whistle-blowers depicted themselves as being moral individuals (consistent with the quantitative findings) while inactive observers emphasized on their workplace identities. Workplace identities are defined as individuals' central and enduring status and distinctiveness categorizations in the workplace (Elsbach, 2004). These role categorizations include personal categorizations (e.g., "I love to do new things") and social categorizations (e.g., "I am a mining engineer").

*Third*, I found that whistle-blowers seemed to express moral outrage while inactive observers appeared to experience moral avoidance upon witnessing the wrongdoing. Moral outrage, as discussed in previous chapters, is the anger that is directed at the perpetrator felt on behalf of a victim who has experienced illegitimate harm or insult (Haidt, 2003; Montada & Schneider, 1989; Pagano, 2007). I use the term "moral avoidance" to denote engagement in psychological as well as behavioral avoidance of the issue by observers of wrongdoing.

*Fourth*, when whistle-blowers perceived their actions to be ineffective, they seemed to engage in either attitudinal or behavioral changes which include shifting the beliefs about their ability to change the situation—related to the idea of learned helplessness (Maier & Seligman, 1976; Sedek, Kofka, & Tyszka, 1993)-- or taking corrective measures and making implicit complaints to try to change the situation themselves.

Next, I begin with a discussion of the differences and similarities in how inactive observers and whistle-blowers in my sample viewed the organization, their supervisors and themselves. I then discuss the reactions of the whistle-blowers upon observing the wrongdoings. Finally, I outline how, post-whistle-blowing, whistle-blowers may deal with the ineffectiveness of their actions.

## Inactive Observers' Views about Organization and the Supervisors

When asked to describe their views about the organization, both, inactive observers and whistle-blowers shared positive opinions. Inactive observers specifically reported how they valued the freedom to express views and to experiment at CLS (see Table 9). They also stated that they were not punished at CLS if they made mistakes:

The organization has given me very good support in a sense that what I am doing...there is a kind of freedom in the sense that there is support... they always support and they have freedom. Sometimes I make some mistakes also. But they support me anyways. They do not...most of the times, they do not highlight what my faults are. They support me and highlight my achievements.

(Rahul, Nonsalient MI, Strong SEL, IO)<sup>23</sup>

These positive views of the organization by the inactive observers seemed to directly stem from their appreciation of their supervisors. That is, inactive observers tended to view their supervisors and departmental heads as direct agents of the organization. They expressed the same views about the organization which they had about their supervisors. To illustrate, when asked what they liked and disliked about CLS, they stated:

And if you ask me about what I dislike about CLS. It would not be related about the organization as such. It would be related to our department and its hierarchies.

(Yogi, Salient MI, Strong SEL, IO)

I have seen CLS through him [the supervisor]. Whatever I like in the organization...that he trusted new people like me. That applies to him as well. And the negative for him is also the same. I view him as the organization itself.

(Ram, Salient MI, Weak SEL, IO)

This argument was also supplemented by the Bergami and Bagozzi (2000) identification measure which showed that inactive observers identified with the organization and their supervisors to a

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<sup>23</sup> MI= Moral Identity; SEL= Subunit Ethical Leadership; IO= Inactive Observer; WB= Whistle-blower.

similar extent with scores on the scale being 6.92 and 6.21 respectively<sup>24</sup>. Further, just as they expressed fondness for the organization, inactive observers noted that they liked their supervisors a lot—they seemed to appreciate their supervisors’ working styles as well as personalities as we can see in Table 9.

### **Whistle-blowers’ Views about Organization and the Supervisors**

Whistle-blowers also expressed a great affinity for the organization. The following statement made by one of the whistle-blowers shows how he viewed the losses of the company as his own:

I believe that my company’s loss is my loss. That is my thinking and I work accordingly.  
(Kumar, Nonsalient MI, Weak SEL, WB)

As illustrated in Table 10, whistle-blowers especially tended to view the culture of celebrating festivals in the organization as vital and important. For instance, the following statement illustrates how whistle-blowers reported that they saw the celebration of festivals as an indicator that the members of the organization were a family and that the festivities were also an essential means to bond with colleagues and peers. In fact, most members referred to each other as CLS “Parivar”—which means family:

About CLS...What I really like about CLS is the culture that exists here. Like I told you, I have already worked in three different organizations...But the culture in CLS...means the family culture...every employee is involved in festivals, cultural activities and a lot of...personal life...what you call social life...the involvement in that is very good. It’s very good. I have not seen this anywhere else.

(Ravi, Salient MI, Strong SEL, WB)

One element, however, that whistle-blowers did not appreciate about the organization was the fact that the “systems did not work” at CLS:

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<sup>24</sup> Given the small sample of informants, I use these figures as being suggestive (and not definitive) of the patterns of identification.

The system is not working in CLS. Like...our values are good. Everything is good...the policies change from person to person. Why is it so? It should not be. If I am not here, it should not make any difference. Like I am not here, then work should not suffer. Because I am working for the system. But it's not the case. It is not happening here. So this is lacking here. And I strongly believe in that.

(Khan, Salient MI, Weak SEL, WB)

What happens here is that systems don't work. It differs person to person. Abhijeetji is there, there is a difference. XYZ is there, there is something else. There should be...and it should be visible also to others. We are just people.

(Amit, Salient MI, Weak SEL, WB)

As the above comments show, whistle-blowers tended to disapprove when rules were not uniformly applied in the organization. But they attributed this failure of systems not to the organization but to their supervisors and departmental heads. For instance, one of the whistle-blowers quoted above also noted:

Because if you are working for the system, it should be straight. But I am confused still. Sometimes he feels that it [the system] is good. And sometimes for the same type of decision, he doesn't go through the system and does it in a different manner. So it's like "chara dekhke tilak nikaal dene ki bath [you are treated based on who you are]."

(Khan, Salient MI, Weak SEL, WB)

Furthermore, as Table 10 shows, most whistle-blowers referred to their supervisors as being unfair, ignorant of their work pressures, non-supportive and largely non-communicative.

To illustrate:

But his [supervisor's] attitudes are...a little bit different. Means supporting juniors...he does but leaves everything to them. And then he doesn't guide them. And when he [the junior] returns with feedback, he is not guided but he [the supervisor] tries to superimpose him. I don't like all that.

(Atul, Nonsalient MI, Strong SEL, WB)

While describing how his supervisor was unsupportive and did not have adequate time to deal with issues of the department, one whistle-blower provided possible explanations for his supervisor's behaviors and justified his actions:

He is such a loaded person that again, by loading a good person so much, that he is not able to focus on maybe slightly lesser important issues which definitely in his eyes may

be lesser important, but in the department or in that concerned equation, they may be important. But because of his sheer lack of time, he is not able to give proper weightage to X, Y or Z area focusing more on what is the crisis. So his abilities as...a senior person are definitely impaired because of that heavy loading which again is not his fault...I don't go to him asking him what should be done about the 50 [fires] like others [do]...I solve it. If I am fussy, then I go but I go with a solution—Sir, this is what the position is and this is the option. Kindly take on whatever is right. But for that also, he has to concentrate. He has to sit with me. Which he is not able to do because of his sheer lack of time. That is the only thing which I dislike about him.

(Amit, Salient MI, Weak SEL, WB)

This difference in their position about the organization and the supervisors is further exemplified by the following statements from the same whistle-blower who earlier noted the issues of “system failure” illustrate:

I feel that ethics is not overlapping [with my supervisor]. Because if you are working for the system, it should be straight...sometimes for the same type of decision, he doesn't go through the system and does it in a different manner...So sometimes there is an overlap and sometimes there is none.

(Khan, Salient MI, Weak SEL, WB)

But while talking about the relationship with the organization, he notes:

Because we are working for the company's growth. So that is the common thing. So my goal ultimately comes from the organization's goals. I believe in everything that CLS stands for.

(Khan, Salient MI, Weak SEL, WB)

Lastly, the ranking as well as the Bergami and Bagozzi (2000) identification measure indicated that whistle-blowers tended to identify with their supervisors to a lesser extent than they did with the organization. That is, I found that whistle-blowers, on average, viewed the overlap, i.e., identification with organization as 7 while that with supervisor as 5.42<sup>25</sup>. The following quote from one of the whistle-blowers who gave his supervisor and departmental head a low rank demonstrates:

And department and supervisor, sixth. I have them there intentionally. Because maybe some department head is not good. Or some supervisor is not good. Again. But he is not

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<sup>25</sup> Again, I view these figures as simply being suggestive of the patterns of identification.



the only deciding factor as far as I am concerned. If I am having the guts, if I am having the quality, if I am having the qualification and the zeal to do the things, I can not be subdued. That is my perspective. Nobody in this world except God can do anything to me. Until and unless I wish to go down...If I am a 100 rupee note, than I'll remain a 100 rupee note. If someone tells me that I am a 10 rupee note doesn't mean I'll become a 10 rupee note. You throw in the dustbin. You crumple me. You do anything. But I'll be a 100 rupee note. If I am that. I am not bothered much about the supervisor. If it is a good supervisor like [mine], then it definitely adds to the productivity. It adds to your output definitely. But on the other hand, it would not be a deterrent for me. Because I can definitely make good relations with anybody. I have that God gift. I can do it. So I am not very much bothered about the departmental head. So I have kept it on sixth.

(Amit, Salient MI, Weak SEL, WB)

It should be noted that when asked to describe their supervisors, whistle-blowers as well as inactive observers rarely discussed how their supervisors modeled, and communicated about, ethical conduct in the organization.

### **Inactive Observers' and Whistle-blowers' Views of Self**

As Table 9 shows, inactive observers used more non-morality based and work-related notions and examples to describe themselves. That is, they expressed having more workplace identities—they viewed themselves as having a need to be creative or as those who do not give any opportunity to their bosses to point out their mistakes. While describing themselves, they also provided instances of how they went above and beyond their job responsibilities to build something new and useful in the organization. To illustrate, one inactive observer talked about a new online helpdesk which would potentially reduce redundancies in the organization:

I said, "Have an online helpdesk." I added that because I wanted to have a single place and a knowledge base wherein people who don't know anything should have the ready answers available. When a person comes onto this campus, he doesn't know who needs to be contacted...for routine activities...You keep answering those questions day in and day out-- my mail is working, internet is not working. On a routine basis, I keep answering those queries for three guys at least.

(Yogi, Salient MI, Strong SEL, IO)

Furthermore, when inactive observers described themselves as having moral identities, they talked about being moral because it was a part of their job responsibilities or because of an instrumental gain. For instance:

I love to help people. Because it's a part of my profile since the beginning...my performance versus my achievement would be that all users are able to do their work in a faster and efficient manner. So I have to be up round the clock. My typical night would be with 3 or 4 calls a night. Average. Every night.

(Yogi, Salient MI, Strong SEL, IO)

I am very honest with my employer. Because it is giving me livelihood.

(Rajat, Nonsalient MI, Weak SEL, IO)

By contrast, when asked to describe themselves, most whistle-blowers tended to use terms, phrases and examples which suggested that they viewed themselves as being moral. As Table 10 shows, individuals with moral identities not only viewed themselves as being moral but also considered it as an important trait for everyone. Another trend for whistle-blowers was their “need” to be truthful—for the benefit of everyone in the long run because “truth will prevail at the end.” In fact, one whistle-blower claimed not to care if the interview was disclosed to anyone in the organization because he was telling the truth:

I am not scared of expressing myself. I never wonder what will happen to me. I don't have fear. Because I always tell the truth. To whoever—you or anybody else. If you disclose this interview, it's not going to make a difference to me.

(Kumar, Nonsalient MI, Weak SEL, WB)

Whistle-blowers also provided illustrations of different characteristics of individuals with moral identities as suggested by Aquino and Reed (2002). For instance, one whistle-blower discussed how he was trying to be a good human being by being just, helping anyone in need, and by having a compassionate nature:

Suppose in my first floor of project, there are maybe 50 or 60 persons, even a sweeper [janitor]...if he needs 100 rupees...people come to me for that because they know I'll not humiliate them by even saying “Why are you coming to me to ask for money?” Even at home, you would go to someone with whom you have certain expectations. You go to

them with some level of trust and faith. So it should be reciprocated. I am not a saint. I am not a “daan veer Karan [referring to the generous Karan from the mythology of Mahabharat].” But within my limits, I try to be just. I try to be a good human being.  
(Amit, Salient MI, Weak SEL, WB)

### **Inactive Observers’ and Whistle-blowers’ Reactions to Incident**

When asked for their reactions to the wrongdoing, inactive observers rarely reported any emotions. Most of them admitted that the incident they had witnessed was wrong, but most preferred to focus on the positives of the organization and avoid the issue completely—what I call moral avoidance:

Sometimes things like this happen. But since the atmosphere here is very friendly, I tend to ignore such things. I believe that man is always running after the big happiness. And in pursuit of that big happiness, he lets go of all the small instances of happiness. I believe that, for any human being, these small instances of happiness have a greater significance...So since there is a great environment here, I tend to ignore small things. So such things happen, but they are of less importance.

(Gopi, Nonsalient MI, Strong SEL, IO)

Inactive observers may also avoid the moral issue as it would make them “negative.” They also admitted to focusing on the positives to move past the incident (see Table 11). Also, even if they felt angry or irritated after observe the wrongdoing, the inactive observers tended not to act because they felt there was nothing they could do about it even though they admitted that the incident was wrong:

I am irritated. Not that I can do anything [about the wrongdoing]. It feels strange...that its not a good thing. Human nature should not be like this. If you have problems at home or if you are stuck somewhere and you can not work without it, then its ok up to an extent. But when these things are overdone, then its wrong.

(Niraj, Nonsalient MI, Weak SEL, IO)

As predicted, whistle-blowers felt morally outraged upon observing the wrongdoing. This feeling is illustrated in the description of Ajay’s story noted at the beginning of the chapter and also by the following statement by one of the whistle-blowers who had reported misuse of organizational vehicles for personal use:

Then there is a lot of frustration at that point if the car has gone for personal use. Otherwise, daily or in routine life, when you have to go home at 6, then there is no issue. Problem arises when you have worked here for two days and not gone home, and then you can't find the car, and you get a response that the boss has taken it there or has been taken to boss's house or taken the boss to the temple, then it becomes very irritating. Don't we have a life? Why are we working?

(Ravi, Salient MI, Strong SEL, WB)

Table 11 provides other examples of the statements made by whistle-blowers to show their frustration, anger, and disappointment at the wrongdoing.

### **Post Whistle-Blowing**

My interviews also revealed cognitive and behavioral reactions when whistle-blowers perceived their actions to be ineffective. I categorize these reactions in two categories—attitudinal changes and behavioral changes. The first category of attitudinal changes highlights the cognitive changes that whistle-blowers experienced. These changes ranged from justifying the unethical behavior to acknowledging that they would not be able to do anything about the wrongdoing:

So when I am seeing these things practically, I understand their importance. When I was new here, I kept wondering why these things happened. I used to get very frustrated. But now, I feel that just because they may seem wrong, they are not wrong.

(Kumar, Nonsalient MI, Weak SEL, WB)

If you can not change somebody...if they don't want to change themselves...then convert yourself to anything you want. So I did that. Because I am here for only work. Nothing else. So I can prove my work...that will satisfy me also.

(Khan, Salient MI, Weak SEL, WB)

...so he [the complaint recipient] also has his limitations. I understand that he also has his limitations. If the car has been taken by seniors for personal use, there is nothing that he can do about it either. He'll simply say, "Just wait for half an hour more. The bus will be here anyways." Then we wait. No problem.

(Ravi, Salient MI, Strong SEL, WB)

The second category entails behavioral changes and highlights how whistle-blowers took corrective measures or made implicit complaints to change the situation. For instance, to prevent

cases of bribery when one procured IT products for the organization, one whistle-blower reported how he started educating his colleagues and coworkers so that they could help prevent transgressions in the future. To illustrate:

So what I tend to do now is to educate the purchase team. I keep visiting those guys telling them that this is the latest thing, this is why Cisco is good, this is why it is of higher cost...initially we were taking products from the local vendors. Small time vendors who didn't know anything about the product...when we got in touch with Lenovo guy, Toshiba guys, they didn't know. Even Microsoft guy didn't know that we are such a big customer of theirs. So we talked to the original persons directly. They won't be engaging in. So take discounts directly from them. They will be much higher in any case. So today, we are trying to do similar things.

(Amit, Salient MI, Weak SEL, WB)

If I see subordinates, I discourage them. These are few instances, that's what generally I have said. If he is my senior, I can't tell him anything. But if he is my subordinate, I definitely tell him. I will try to discourage him.

(Vivek, Salient MI, Strong SEL, WB)

Another whistle-blower who also reported misuse of organizational vehicles for personal use noted that he indirectly complained about the incident to his supervisor:

We just asked our seniors that we don't have any jeep there. That's it. What solution they provide, it depends. We can't say that this person is using the jeep for personal use. I am not the authority to say that. I just put the question to my senior that we do not have the jeep.

(Varun, Salient MI, Weak SEL, WB)

My data suggests that whistle-blowers engaged in either one of these changes. That is, they engaged in either attitudinal changes or behavioral changes. None of my whistle-blowers discussed undergoing both of these changes. Also, I find that behavioral changes tended to include bringing about change in the organization. That is, when some whistle-blowers perceived their actions to be ineffective, they continued to focus their actions on trying to do something about the situation by either taking corrective measures or by making implicit complaints to change the situation. By contrast, attitudinal changes involved acquiescence in that some whistle-

blowers tended to “give up” on correcting the situation and started accepting the transgression as a way to conduct business.

## **Discussion**

The purpose of conducting semi-structured interviews was to (a) clear up ambiguous relationships found in the survey; and (b) investigate the extrinsic and the intrinsic processes of whistle-blowing in more detail by systematically exploring how observers of wrongdoing decide to blow the whistle (or not). My data provides insights regarding some of the non-findings of the survey data and extends those findings to provide a more integrative theory of whistle-blowing. Table 12 illustrates similarities and differences between inactive observers and whistle-blowers that emerged from my data.

The first key finding based on the data is that inactive observers and whistle-blowers highly identified with the organization, CLS. However, the basis of their attachments seemed to differ extensively. Inactive observers’ identification with CLS appeared to stem directly from their relationship with their supervisors. Specifically, these individuals viewed their supervisors as unequivocal agents of the organization. In fact, they considered the supervisors as being synonymous with the organization. They also expressed a high degree of identification with their supervisors. This identification with their supervisors is thus likely to be the basis of their identification with the organization.

The notion that some individuals identify with the organization through identification with their supervisors is not entirely novel and has been previously argued in research on relational identification, mentoring, and Leader-Member Exchange (LMX). For instance, recent research on relational identification (see Sluss & Ashforth, 2008) has proposed that identification with one referent may converge with or extend to another. That is, how a subordinate identifies

with the subordinate-manager role relationship, defined as relational identification, may converge with the subordinate's organizational identification through several cognitive, affective, and behavioral mechanisms. In a similar vein, scholars have argued that the primary advantage of mentorship (which assumes strong, positive identification with the mentor) for organizations are that former protégés (versus nonmentored executives) are more satisfied with their work and their organization (Hunt & Michael, 1983; Kram, 1983). Payne and Huffman (2005) surveyed over 1000 U.S. Army officers over a two-year period and found that mentoring was positively related to affective commitment and continuance commitment to the organization. The theoretical argument made here is that mentoring is likely to promote the adoption of an organization's values (Viator & Scandura, 1991) which in turn would facilitate identification with the organization. Finally, research on LMX also provides evidence to suggest that individuals can identify with the organization through identification with the supervisors. LMX refers to the quality of exchange relationship between an employee and supervisor (Liden, Wayne, & Sparrowe, 2000). LMX theory proposes that leaders have differential relationships with specific subordinates and the quality of LMX relationships influences attitudes and behaviors at work. In comparison to low quality LMX relationships, high quality LMX relationships are personal, intangible, and open ended, thereby suggesting a high identification of the employees to their supervisors (Wayne, Shore, & Liden, 1997). And research shows that LMX is directly related to the employees' attachment, loyalty, and commitment to the organization (Liden et al., 2000).

My data also suggests that in contrast to inactive observers, none of the whistle-blowers articulated that they viewed their supervisors as legitimate agents of the entire organization, and most of them expressed low levels of identification with their supervisors. Put differently, my

data suggests that whistle-blowers did not identify with the organization because of their relationship with their supervisors. For these individuals, identification with CLS was based on their beliefs about congruency in values and beliefs with the organization itself and what it stood for. Whistle-blowers also identified with the organization more broadly (in comparison to inactive observers) and appreciated not only the culture of freedom of work and experimentation (as did the inactive observers) but also the feeling of “parivar” which is cultivated at CLS through cultural activities.

Based on these findings, I propose that observers of wrongdoing who identify with the organization but not with (or through) their supervisors may engage in whistle-blowing because the organization is central to who they are and benefitting the organization (by highlighting the wrongdoing) would translate to benefitting the self. Research has shown that individuals who identify with the organization tend to be highly loyal towards the organization (Adler & Adler, 1988) and work in the best interests of the organization (Pratt, 2000). Highly identified employees may contribute financially to an organization (Mael & Ashforth, 1992) and engage in more extra-role, prosocial behaviors (Olkkonen & Lipponen, 2006). By contrast, observers of wrongdoing who identify with the organization as a result of identification with their supervisors may be motivated to take action that protects the supervisor. In such cases, they are less likely to consider whistle-blowing as the best way to deal with the wrongdoing because, by doing so, they may harm the supervisor which would equate to self-harm.

A second key finding emerging from my data is consistent with my proposed framework in Chapter 2 (also see Figure 1) and suggests that inactive observers and whistle-blowers viewed themselves differently-- inactive observers had salient workplace identities, while whistle-blowers viewed themselves as being caring, fair, generous, helpful, and honest—the



characteristics of individuals with central moral identities as noted by Aquino and Reed (2002). Consequently, and in junction with the previous finding, I argue that one may decide to blow the whistle after taking into account one's relationship with the organization, supervisors, and even how one views oneself (see Vadera, Aguilera, & Caza, 2009). The different perspectives on multiple identities have suggested and shown that individuals have multiple identities (see Burke, 2003; Mead, 1934; Pratt & Rafaeli, 1997) and identifications (Ashforth & Mael, 1989). And the choice of behavior is a function of the identities and identifications which are evoked and are salient in a particular situation. As my data suggests, inactive observers identified with the organization, their supervisors, and had salient workplace identities. Whistle-blowers, however, identified with the organization, but not with their supervisors, and had salient moral identities. Therefore, I propose that the likelihood of whistle-blowing may be highest when observers of wrongdoing (a) identify with the organization but (b) not with their supervisors and (c) have salient moral identities. As noted, when observers of wrongdoing have moral identities, they may be motivated to engage in behaviors such as taking corrective measure in the form of whistle-blowing or even quitting the organization due to the incongruence between the situation and how they view themselves (see Shao, Aquino, & Freeman, 2008 for a review). Now if these individuals identify with the organization and not with their supervisors, they may be motivated to act in ways that are moral and that benefit the organization, namely, engage in whistle-blowing. By contrast, if these individuals identify with their supervisors, they may want to protect their supervisors, and thus, not engage in whistle-blowing which is likely to be bothersome and troubling for their supervisors at the very least.

In a related vein, I also found that some informants in my sample who had nonsalient moral identities tended to blow the whistle upon witnessing the wrongdoing. One reason for this

surprising finding may be attributed to methodological issues surrounding survey designs (see Fowler, 2001 for a detailed discussion)—I elaborate on this issue in the discussion section. However, it could be possible that in addition to moral identities, there may be some other factors influencing whistle-blowing which need to be investigated in the future. This latter assumption is supported by the work on the social-cognitive model of moral behavior (see Aquino, Freeman, Reed, Lim, & Felps, 2009) which argues that situations are likely to influence the accessibility of moral identity within the self-concept. Therefore, it may be important for scholars to look at situational factors which interact with moral identities of observers of wrongdoing to influence whistle-blowing.

The third key finding from the data is that inactive observers engaged in moral avoidance upon witnessing the wrongdoing, while whistle-blowers, as predicted, experienced moral outrage. Identity theories (Burke, 1991; Stets, 2005) as well as approach-avoidance perspectives (e.g., Gray, 1990) provide some theoretical basis for these conclusions. As discussed in previous chapters, several scholars (Burke, 1991; Burke & Harold, 2005; Stets, 2005; Stets & Tsushima, 2001) have argued that when one cannot maintain self-relevant meanings in the situation, which are congruent with one's identity, negative emotions are likely to emerge. And as I show in previous chapters, negative emotions, especially moral outrage, in turn motivate whistle-blowing. Additionally, the avoidance system, also known as behavioral inhibition system, directs individuals away from experiences and stimuli that they appraise as potentially noxious, threatening, or repulsing (Gray, 1990). Since inactive observers primarily are likely to have salient workplace identities and nonsalient moral identities, they may be motivated to avoid the wrongdoing because they may consider it to be burdensome and not important to how they view themselves. Therefore, they may engage in moral avoidance upon witnessing the wrongdoing.

Finally, the fourth key finding emerging from the data is that post whistle-blowing, most whistle-blowers underwent attitudinal or behavioral changes if they believed their actions were ineffective. The attitudinal changes related to “learned helplessness,” (Maier & Seligman, 1976; Sedek et al., 1993), a notion that after repeated failure, individuals become passive and remain so even after environmental changes make success possible (Martinko & Gardner, 1982). In the current study, some whistle-blowers may have experienced learned helplessness and thus may have changed their attitudinal beliefs about the situation by recognizing the wrongdoing as an important part of business or accepting the fact that there was nothing they could do about the wrongdoing. The behavioral changes, which the other whistle-blowers engaged in, related to reformulation of their whistle-blowing strategies by either taking corrective measures themselves or by implicitly drawing attention to the wrongdoing to those in authority within the organization.

Attitudinal changes and behavioral changes have some parallels in the Hirschman’s (1970) framework of exit, voice, loyalty and neglect. Hirschman suggests that employees who experience deterioration and decline in their workplace environments respond to their environment in one of the four ways: Exit, voice, loyalty, and neglect (Farrell, 1983; Rusbult, Farrell, Rogers, & Mainous, 1988). Thus, the dissatisfied employees may quit their organizations as a result of their declining environments (exit). Others may choose to remain in the organization and may try to change their workplace conditions positively (voice). Employees may also respond by remaining in the organization and passively accepting the status quo without raising objections or trying to make corrections (loyalty). Lastly, employees may remain in the organization and exhibit passive behaviors such as putting forth less effort (neglect). The

attitudinal changes proposed in this study are similar to the ideas of loyalty and neglect, while the behavioral changes are equivalent to expression of voice.

## **Conclusion**

In conclusion, this chapter of my dissertation makes several contributions. First, it adds to the research on whistle-blowing by highlighting four key and unexplored differences between inactive observers and whistle-blowers. It also draws some light on the mixed findings regarding the role of organizational identification in the whistle-blowing process (see Vadera et al., 2009) by suggesting that these findings are best understood in relation with the identifications with the supervisors as well as identities of the observers of wrongdoing. In addition, this chapter contributes to the work on post whistle-blowing by highlighting two paths which the whistle-blowers are likely to take if they perceive their actions to be ineffective. Finally, this study also adds to the work on multiple identities and identifications by systematically outlining the process through which they may interact to affect behaviors—in this case, whistle-blowing. I discuss the theoretical and practical implications of this research in more detail as well as limitations and arenas for future research in the next chapter (i.e., the discussion chapter) of the dissertation.

## **CHAPTER 6**

### **DISCUSSION**

Given the recurrent episodes of workplace crimes, it is imperative for researchers as well as managers to fully understand why employees engage in whistle-blowing. The purpose of this thesis was to compare and contrast extrinsic and intrinsic processes of whistle-blowing. More specifically, I examined if observers of wrongdoing blow the whistle because they have strong, positive external outcome expectancies, i.e., they expect their potential act of whistle-blowing to result in occurrences of positive external outcomes and avoidance of negative outcomes, or because they are morally outraged, i.e., they experience anger upon witnessing the wrongdoing. To be able to do this, I adopted a sequential mixed methods design (Creswell & Plano Clark, 2007) consisting of two distinct phases to address my research questions. In the first phase, quantitative survey data tested the proposed framework. In the second phase, I conducted qualitative semi-structured interviews with some of the survey respondents to investigate the intrinsic and extrinsic processes of whistle-blowing in more detail and to clear up ambiguous relationships from the survey.

I found compelling support for the intrinsic processes of whistle-blowing. Specifically, my survey data showed that the wrongdoing intensity-whistle-blowing relation as well as the relationship between the interaction of wrongdoing intensity and moral identity and whistle-blowing was mediated by moral outrage and not by external outcome beliefs. Additional analysis regarding the relative effects of the two processes suggested that the indirect effects through moral outrage were significantly greater than those through external outcome beliefs for both relationships. By contrast, I found that the joint effects of wrongdoing intensity and subunit ethical leadership on whistle-blowing were mediated by external outcome beliefs and not by

moral outrage; however, the relative indirect effects of external outcome beliefs and moral outrage for this relationship suggested no significant differences between the two mediators. Data from my qualitative, semi-structured interviews provide additional support to suggest that whistle-blowing is likely to be intrinsic process. This data indicates that whistle-blowers were likely to blow the whistle even when they expected strong sanctions/retaliation for making the complaint because they were morally outraged at the wrongdoing and wanted to correct the situation. The inactive observers, by contrast, tended to morally avoid the situation altogether.

Further analyses of the survey data also revealed that, although moral identity moderates the wrongdoing intensity-whistle-blowing relationship, the nature of the interaction was opposite of what I had predicted. That is, I had predicted that moral identity would interact with wrongdoing intensity to influence whistle-blowing such that as the salience of moral identity increases, the effects of wrongdoing intensity on whistle-blowing would decrease. But, as figure 2 illustrates, my data shows that as the salience of moral identity increases, the effects of wrongdoing intensity on whistle-blowing are likely to increase. More specifically, observers of wrongdoing with salient moral identities blow the whistle as wrongdoing intensity increases. They are less likely to blow the whistle for lower intensity wrongdoings. This finding suggests that individuals with salient moral identities may not be fundamentalists (i.e., may not believe in a strict adherence to moral principles) and are likely to engage in moral self-regulation (Bandura, 1991; Rupp & Bell, 2010) after witnessing wrongdoings of lower intensities. The notion of moral self-regulation indicates that although a witnessed wrongdoing may motivate the moral person to act in ways that will correct the transgression, the witnessed injustice may also produce a “self-regulatory counter-motivation, in which the decision maker’s main concern is to avoid harming another, being unjust, or creating subsequent aversive states” (Rupp & Bell, 2010: 91).

Therefore, individuals with salient moral identities may engage in moral self-regulation when the wrongdoing intensity is lower and may blow the whistle only when the wrongdoing intensity is higher.

The interview data further bolsters these arguments and suggests that while inactive observers (with workplace identities) may view the situation as wrong but do nothing about it, those who blow the whistle (with moral identities) are likely to re-interpret the situation if they perceive their actions to be ineffective. For example, as discussed in the previous chapter, upon witnessing a wrongdoing, inactive observers tended to morally avoid the situation because they felt there was nothing they could do about it even though they admitted that the incident was wrong. However, whistle-blowers, who viewed their actions to ineffective, tended to undergo attitudinal changes which included justifying the unethical behavior. Therefore, my qualitative findings in conjunction with work on moral self-regulation suggests that observers of wrongdoing with salient moral identities may not necessarily blow the whistle upon observing transgressions and may engage in moral self-regulation or re-interpret the situation to maintain consistency between their self-views and the environment (as argued in Chapter 2).

A potentially surprising nonfinding relates to the moderating role of subunit ethical leadership on the wrongdoing intensity and whistle-blowing relationship. Several scholars (e.g., Brown & Trevino, 2006) have emphasized that ethical leaders who are viewed as attractive and legitimate role models will draw employees' attention to the ethical standards of the organization, and through rewards for ethical conduct and punishments for unethical conduct create expectations about what behaviors are acceptable and unacceptable in the organization. Following this research, I predicted that employees will blow the whistle for all wrongdoings, irrespective of their intensities, if they perceive to have a strong subunit ethical leadership. But I

did not find any support for this proposition. Support for hypothesis 4 (the joint effects of wrongdoing intensity and subunit ethical leadership on whistle-blowing through external outcome beliefs) suggests that when observers of wrongdoing perceive their subunit leadership to be ethical, they may expect positive external outcomes for their potential act of whistle-blowing which, in turn, would translate into whistle-blowing. That is, the interaction of wrongdoing intensity and subunit ethical leadership may be the distal predictor of whistle-blowing and may influence whistle-blowing through additional links in a causal chain as suggested by Shrout and Bolger (2002).

My qualitative analyses also contributed towards clarifying this ambiguous result from the survey: One of the findings from the semi-structured interviews indicates that it may not be the ethical leadership in the subunit, but the identification with the supervisor or departmental head, which is driving behaviors. For example, my data suggested that while inactive observers and whistle-blowers both highly identified with the organization, the basis of their attachments seemed to differ extensively. Inactive observers' identification with the organization appeared to stem directly from their relationship with their supervisors. But none of the whistle-blowers articulated that they viewed their supervisors as "legitimate and attractive" representatives of the organization—a key element of ethical leadership (Brown & Trevino, 2006). Most of them expressed low levels of identification with their supervisors. For these individuals, identification with the organization seemed to be based on their beliefs about congruency in values and beliefs with the organization itself and what it stood for. Therefore, my findings indicate that instead of subunit ethical leadership, research may need to focus on relational identification, or more importantly, the foundation of organizational identification to garner a deeper understanding of the whistle-blowing process.



The qualitative data also extended the proposed framework by suggesting that post whistle-blowing, whistle-blowers may undergo either attitudinal or behavioral changes if they believe that their actions were ineffective. None of the whistle-blowers in my sample discussed undergoing both of these changes. Also, I find that behavioral changes tended to be focused on bringing about change in the organization, while attitudinal changes involved acquiescence. The attitudinal changes thus may be related to the idea of “learned helplessness” (Maier & Seligman, 1976), which argues that after repeated failure, individuals become passive and remain so even after environmental changes make success possible (Martinko & Gardner, 1982). The interview data did not seem to provide any systematic differences as to why some people had attitudinal responses while others behavioral. However, when returning to the survey, it appears that those in the qualitative study who engaged in active behaviors were, on average, likely to have seen fewer incidents of wrongdoing than those who did blow the whistle: I aggregated the number of wrongdoings that all whistle-blowers had previously observed in the organization (see Appendix A, item I). I found that the average number of wrongdoings observed by those who underwent attitudinal changes was ten and that by those who underwent behavioral changes was seven. These figures, although only suggestive, indicate that those individuals who may have witnessed relatively more transgressions in the organization may have “learned helplessness” and are likely to believe that their potential actions are not going to have any constructive effects and are thus likely to undergo attitudinal changes. Future research, however, needs to fully explore factors which may motivate whistle-blowers to adopt one path over another if they find that their actions are being ineffective.

## **Theoretical and Methodological Contributions**

My dissertation makes several contributions. First, it extends research on whistle-blowing by systematically comparing and contrasting two processes of whistle-blowing. The dominant view in whistle-blowing research is that the observer of wrongdoing is likely to compute an economic cost/benefit analysis before actually blowing the whistle (Miceli & Near, 1992, 1997; Miceli et al., 2008). This cost/benefit analysis is usually associated with the external rewards or punishments (e.g., getting recognition and promotions, being fired and ostracized by co-workers and peers) that the observer of wrongdoing expects to receive due to his or her potential act of whistle-blowing. Only if the benefits outweigh the costs, then the observer will report the wrongdoing. In contrast to this traditional approach, I find that observers of wrongdoing blow the whistle because they are morally outraged upon witnessing the wrongdoing. Therefore, my dissertation is among the few studies which have investigated and found compelling evidence for the intrinsic processes of whistle-blowing. More broadly, I contribute to the scholarly work on organizational justice and behavioral ethics by addressing the recent debate regarding self-interested versus deontological reactions to injustice. The self-interested approach to organizational justice emphasizes how the economic and quasi-economic benefits affect reactions to injustice to oneself and to others (Colquitt, 2004; Cropanzano et al., 2001; Cropanzano & Stein, 2009; De Cremer & Van Hiel, 2006). More recently, scholars have argued and shown that individuals may react to acts of injustices because of deontic motives which refer to emotionally charged reactions to events seen as violating or infringing on moral norms about social conduct (Barclay et al., 2005; Folger, 2001; Spencer & Rupp, 2009). My dissertation provides substantial evidence in favor of the deontological approaches to organizational justice in general and whistle-blowing in particular.

Second, this research builds, to some extent, on the scant work on whistle-blowing effectiveness (Near & Miceli, 1995) and how employees react when their potential act of whistle-blowing is considered ineffective. My qualitative data revealed that post whistle-blowing, most whistle-blowers underwent attitudinal (by recognizing the wrongdoing as an important part of business or accepting the fact that there was nothing they could do about the wrongdoing) or behavioral changes (i.e., reformulation of their whistle-blowing strategies by either taking corrective measures themselves or by implicitly drawing attention to the wrongdoing to those in authority within the organization) if they believed their actions were ineffective. These findings systematically extend not only my proposed framework but also the work on whistle-blowing effectiveness by suggesting ways in which whistle-blowers may react to ineffectiveness of their act of whistle-blowing.

Third, this study significantly extends the current research on moral identity. Most of the studies on moral identity have found that it influences moral behavior (Aquino & Reed, 2002; Reynolds, 2006) such as volunteerism and donation to charity (Aquino & Reed, 2002) and is associated with an expansive circle of moral regard toward out-group members and more favorable attitudes toward relief efforts to aid out-group members (Reed & Aquino, 2003). More recently, scholars have hypothesized and shown that situational factors and centrality of moral identity jointly influence moral intentions and behaviors (Aquino et al., 2009). In lines with this latter work, the current research shows how wrongdoing intensity (which is a situational factor) and salience of moral identity jointly influence whistle-blowing. But it goes further and suggests that individuals with moral identities may not necessarily engage in behaviors such as whistle-blowing. They may be motivated to avoid harming another or creating aversive states for others and therefore may not report any wrongdoings that they may observe. Moreover, depending on

their past experiences, they may change their views about the wrongdoing altogether and accept it as a way of doing business. Furthermore, the findings presented herewith suggest that for individuals with salient moral identities, minor infractions may be “washed out” or “explained away.” Therefore, my dissertation proposes a different prospective of moral identity and calls for research which investigates when and why individuals with salient moral identities may engage in what types of moral behaviors.

Fourth, this study suggests that the relationship between identity dynamics and ethical decision-making may be more complex than originally thought. Prior research on whistle-blowing has found mixed results regarding the relationship between attachment to the organization and whistle-blowing (see Vadera et al., 2009). For instance, Brewer and Seiden (1998) analyzed data from 1992 Merit Principles survey and demonstrated that attachment was positively related to whistle-blowing, but Sims and Keenan (1998) found no such relationship in their study. My dissertation suggests that one way to address these ambiguous findings is by looking at multiple identities and identifications (namely, organizational identification, relational identification, and moral identity) of the observers of wrongdoing. Specifically, my data implies that to understand the role of organizational identification in the whistle-blowing process, it may be important to simultaneously explore the relational identification of the observers of wrongdoing with their supervisors. This study also goes beyond some of the extant scholarly work on relating identity theories and ethical decision-making to propose that in addition to examining which identities are salient and how that salience affects decision-making, research may need to focus on the interplay between the different identities and identifications an observer of wrongdoing embodies. For example, Skitka (2003) suggests that what individuals consider as fair or unfair will depend which aspect of the self (material, social, or personal and

moral) dominates the working self-concept in that situation. Similarly, Aquino and colleagues (Aquino et al., 2009) test the social-cognitive model of moral behavior and show that situational factors which affect the accessibility of moral identity within the working self-concept are likely to influence the motivation to act morally. However, these perspectives do not fully explicate how multiple identities and identifications of an individual may interact with each other and how this combination may influence ethical behaviors. In this study, I lay the groundwork to build on this stream of research by suggesting how organizational identification, relational identification and moral identity may interact to affect engagement in whistle-blowing.

This approach of looking at identity dynamics would also be beneficial for research on the flip side of ethical behavior, that is, workplace crimes. For instance, recent research argues that high levels of organizational identification may positively influence pro-organizational crimes (Vadera & Pratt, 2007). By adding the notions of relational identification with supervisor and coworkers as well as the salience of different aspects of personal identity to this framework, we may be able to understand better the underpinnings of workplace crimes. For instance, consider an individual who strongly identifies with her organization. Based on extant research, we may predict that she is likely to have a propensity to commit pro-organizational crimes. But what if this individual has very low levels of relational identification (or maybe even disidentification) with her supervisor? Then she may be motivated to commit crimes that benefit the organization but harm (or blame) the supervisor. This situation may be further complicated if her disidentification with the supervisor far exceeds her identification with the organization. And if we augment this framework to include personal--moral or workplace--identities, our knowledge of why individuals commit workplace crimes would be further enhanced.

Finally, this dissertation makes significant methodological contributions to the research on whistle-blowing. Most of the studies examining whistle-blowing have been conducted either using surveys across a variety of organizations (e.g., Miceli & Near, 1988) or in the laboratory using scenario-based studies (e.g., Kaplan, Pany, Samuels, & Zhang, 2009). Although these studies have considerably advanced our knowledge about the processes of whistle-blowing, they do have some shortcomings. Studies adopting the former methods are incomplete in that they are unable to control for all organizational and industry-based variables, thereby unable to convincingly show association between individual and situational forces and whistle-blowing. Studies adopting the latter method are also imperfect because they mainly measure intentions to blow the whistle, rather than, the whistle-blowing behaviors. In the present study, I attempt to circumvent some of these disadvantages by (a) conducting the study in a single organization, thereby controlling for organizational and industry-based factors by design, and (b) adopting a mixed methods design so that strengths of qualitative designs help overcome the weaknesses of the survey methods by exploring the processes in detail and clarifying ambiguous findings.

### **Limitations**

This dissertation is not without limitations. First, data for the dissertation was collected using traditional cross-sectional surveys followed by interviews. Although these methodologies have several advantages as outlined above, both of these strategies are based on individuals' summaries of their experiences and behaviors which are likely to result in recall errors (Fowler, 2001). The HR liaison at my research site, CLS, estimated that an average of 5% of the employees, equivalent to approximately 60 employees, blow the whistle in any given year. This figure is similar to that reported in this study providing some validity to the findings presented herewith. Nonetheless, it would be more ideal to conduct research that measures whistle-blowing

using different sources even though it may be very difficult to do so, given the legal issues surrounding whistle-blowing data. Furthermore, adoption of these methodologies inhibits making any conclusions regarding causality between the various variables used in the study. For instance, it may be possible that engagement in as well as observation of the episodes of whistle-blowing themselves may have influenced the participants' beliefs about their supervisors' ethical leadership and thus contributing to the non-finding of the moderating role of subunit ethical leadership. In a similar vein, I found that two informants in the qualitative aspect of the study who had nonsalient moral identities (according to the survey data) tended to describe themselves as being moral (in the interviews) and discussed blowing the whistle upon witnessing the wrongdoing. For both cases, it could be possible that whistle-blowing influenced perceptions about subunit ethical leadership and moral identity, as post-hoc justifications, thereby raising questions about reverse causality. I had attempted to reduce these effects by ordering the questionnaire/interview protocol such that subunit ethical leadership and the moral identity questions were administered before those about observation of wrongdoing and whistle-blowing in both methods as well as by framing the study as "how employees react to issues at work" so that participants are not clued as to the purposes of the study. In addition, I found no correlation between whistle-blowing and moral identity, and whistle-blowing and subunit ethical leadership (see Table 1), thus casting some doubt on the reverse causality arguments. However, future research needs to systematically examine these causal relationships in more detail, probably in a controlled laboratory experiment.

Second, the measure of external outcome beliefs developed for this study may have contributed to the non-finding of the mediating effects of this variable. I have attempted to capture the notion of extrinsic processes with the external outcome beliefs variable because prior

research on whistle-blowing suggests that these beliefs (about no retaliation, corrective measures taken by the organization, and support from supervisors) may be key motivators for whistle-blowing (see Brewer & Selden, 1998; Dozier & Miceli, 1985; Gundlach et al., 2003; Miceli et al., 1991; Miceli & Near, 1988; Miceli et al., 2008). Similarly, I adopt moral outrage to capture the intrinsic processes because prior research on organizational justice has consistently shown that anger mediates the relationship between perceptions of injustice and outcomes such as retaliation and emotional labor (Barclay et al., 2005; Rupp et al., 2008; Spencer & Rupp, 2009) suggesting that anger or moral outrage may be a key process through which individuals react to unfair events. Future research needs to examine if other extrinsic processes such as promotion and recognition from colleagues as well as intrinsic processes such as experience of guilt and empathy have any role to play in the whistle-blowing process. Another potential reason for the non-finding could be the way I measured external outcome beliefs versus moral outrage. On one hand, I defined external outcome beliefs as the judgments of the extrinsic consequences that the behaviors are expected to produce. To measure this variable, I constructed items such as “If I were to report this behavior, I fear that some members in my organization would retaliate against me for making the complaint.” On the other hand, I conceptualized moral outrage as anger that is felt on behalf of a victim who has experienced illegitimate harm or insult. I measured moral outrage by asking respondents how they felt when they first observed the wrongdoing. Although I developed the items for external outcome beliefs and adapted the moral outrage scale based on how they were defined, this difference in the format of the questions may have contributed to obtaining the current results.

Third, most participants in the study were at the middle-management levels (i.e., either at the managerial level or at the officer levels). Of the 224 respondents who completed the survey,



37% reported observing a wrongdoing and 52% of these respondents reported blowing the whistle. These low rates suggest that it is possible that the nature of my sample could have contributed to the few cases of wrongdoing observation. It may thus be interesting for future research to investigate individual and situational factors which influence observation of wrongdoing or labeling of an event of wrongdoing (see Miceli et al., 2008 for a review). Researchers can also look at precursors of moral judgments which entail evaluating a situation as moral or not (e.g., Greene, 2007; Greene, Morelli, Lowenberg, Nystrom, & Cohen, 2008; Haidt, 2001).

Fourth, the qualitative semi-structured interviews were conducted sequentially after the surveys were administrated. Although the time interval between the two aspects of the dissertation was approximately five months, it may be possible that the survey may have cued respondents, thereby influencing their responses to the semi-structured questionnaire.

Fifth, another limitation of this study derives from the fact that most key variables were collected using the same method. I have attempted to minimize the common-method variance by undertaking several procedural and statistical remedies as suggested by Podsakoff and colleagues (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003): (a) I obtained the independent variable of wrongdoing intensity from multiple sources (i.e., respondents' perceptions and expert ratings), (b) I measured whistle-blowing by focusing on behaviors, rather than, intentions. Furthermore, these behaviors were verified for some respondents during the qualitative interviews conducted; (c) I counter-balanced part of the questionnaire, (d) I repeatedly assured the respondents of anonymity and confidentiality of their responses, and (e) I conducted the Harman's single factor test (see Table 2) with independent variables to find that Model 1 (with five factors) was a significantly better fit than was Model 2 with a one-factor approach ( $\Delta\chi^2 = 355.7$ ,  $\Delta df = 21$ ,  $p <$

0.01), suggesting that monomethod bias may not be an issue for the study. However, these methods are imperfect and can not entirely eliminate same source concerns. Therefore, we must view the empirical results of this study as suggestive rather than conclusive in demonstrating support for the proposed theory.

Sixth, I have focused on only one dimension of wrongdoing—its intensity in this dissertation. Future research should investigate the role of other aspects of wrongdoing such as its personal relevance or significance. For instance, compared to others, individuals who have experienced some form of sexual abuse in their personal lives are likely to consider sexual harassment as a relevant wrongdoing and may blow the whistle for these crimes even if they are of low intensities.

Lastly, the composition of the research firm casts doubt on the generalizability of the findings of the study. For instance, my research site is a male-dominated organization with less than 2% of its employees being female. Although prior research has found no conclusive evidence regarding the relationship between gender and whistle-blowing (Vadera et al., 2009), the demographics of the firm may have influenced the findings of the study. In a similar vein, the HR liaison at the firm contended that there was a strong link between tenure and organizational position for employees at CLS. This relationship would suggest that employees at CLS may be reluctant to blow the whistle because of the tenure-based promotions in the organization. Although I find no relationship between organizational position and whistle-blowing in the study, future research needs to be conducted in other organizations across the globe to test if the findings are similar to those presented in the dissertation.

## **Practical Implications**

The current research has significant practical implications for organizations and its members. More specifically, it questions the role of the extant ethics and compliance programs from across the globe. As noted in the introduction chapter of this dissertation, most ethics programs are based on the assumption that if employees are assured of the occurrences of positive outcomes and avoidance of negative consequences for their act of whistle-blowing, they would be more likely to report ethical misconduct. However, the results presented here suggest that in addition to focusing on the extrinsic processes of whistle-blowing, organizations need to design, develop, and implement systems which account for the intrinsic processes as well. This can potentially be done in several ways: First, acceptance, if not promotion, of expression of anger upon witnessing wrongdoings should formally be incorporated into the ethics and compliance programs of organizations. Most organizations view expression of anger as negative and therefore enforce strong sanctions against such behaviors. This policy is likely to inhibit observers of wrongdoing who are morally outraged to blow the whistle, thereby contributing to the huge costs of workplace crimes. Employees can thus be informed that their expressions of anger on “hotlines” which are basically anonymous telephone lines that employees can use if they observe any ethical misconduct in the organization would not be officially or unofficially penalized. Also, since most whistle-blowers still report wrongdoings to their immediate supervisors instead of using company helplines, even though the latter aims to promote anonymity (see Ethics Resource Center, 2007), additional avenues such as periodic meetings with supervisors, third-party ethics officers and ombudspersons could also be incorporated in the ethics programs.

Second, organizations can encourage all employees of the organizations to understand and channel their emotions constructively. They can also delineate the types of expressions which may be considered appropriate by authorities in the organization and those which may be considered as impairing the workings of the organization. Recent research on expression of anger shows that participants with higher power in a negotiation (who are usually the complaint recipients in our case) demanded more value when the adversary's expressions of anger were inappropriate than when they were appropriate or when the adversary was nonemotional (Van Kleef & Cote, 2007). Therefore, elucidating how anger can be expressed in the organization may be vital to encouraging whistle-blowing and ensuring that the necessary follow-up occurs. In a similar vein, organizations can train ethics officers and those who may be potential recipients of complaint to deal with the emotions that a potential whistle-blower may experience and express in the workplace. This training may be very important in view of the fact that members of the ethics offices are usually lawyers who are professionally trained to—as Aristotle put it, “law is reason, free from passion”—focus on simply on the facts and not the emotional aspects of a situation.

This study also underscores the various trade-offs that organizations may have to consider for encouraging whistle-blowing. For instance, my data indicated that while inactive observers and whistle-blowers both identified with the organization, inactive observers also identified with the supervisors but the whistle-blowers did not. This finding suggests that organizations may have to consider the costs and benefits for fostering strong relational identification with supervisors. Doing so may probably promote a “family” culture in the organization, but may also inhibit reporting of unethical behaviors in the organization. Therefore,

organizations may need to fully understand the trade-offs involved with some of the standard practices which are assumed to promote the welfare of the organization and its members.

## **Conclusion**

Whistle-blowing has significantly increased over the years (Ethics Resource Center, 2009). However, we are still uncertain about the processes involved in whistle-blowing. In this dissertation, adopting multiple methodologies, I compared and contrasted the extrinsic and the intrinsic processes of whistle-blowing to find compelling support for the intrinsic process of whistle-blowing. This study therefore not only significantly extends research on whistle-blowing but also contributes to the work on organizational justice and behavioral ethics.

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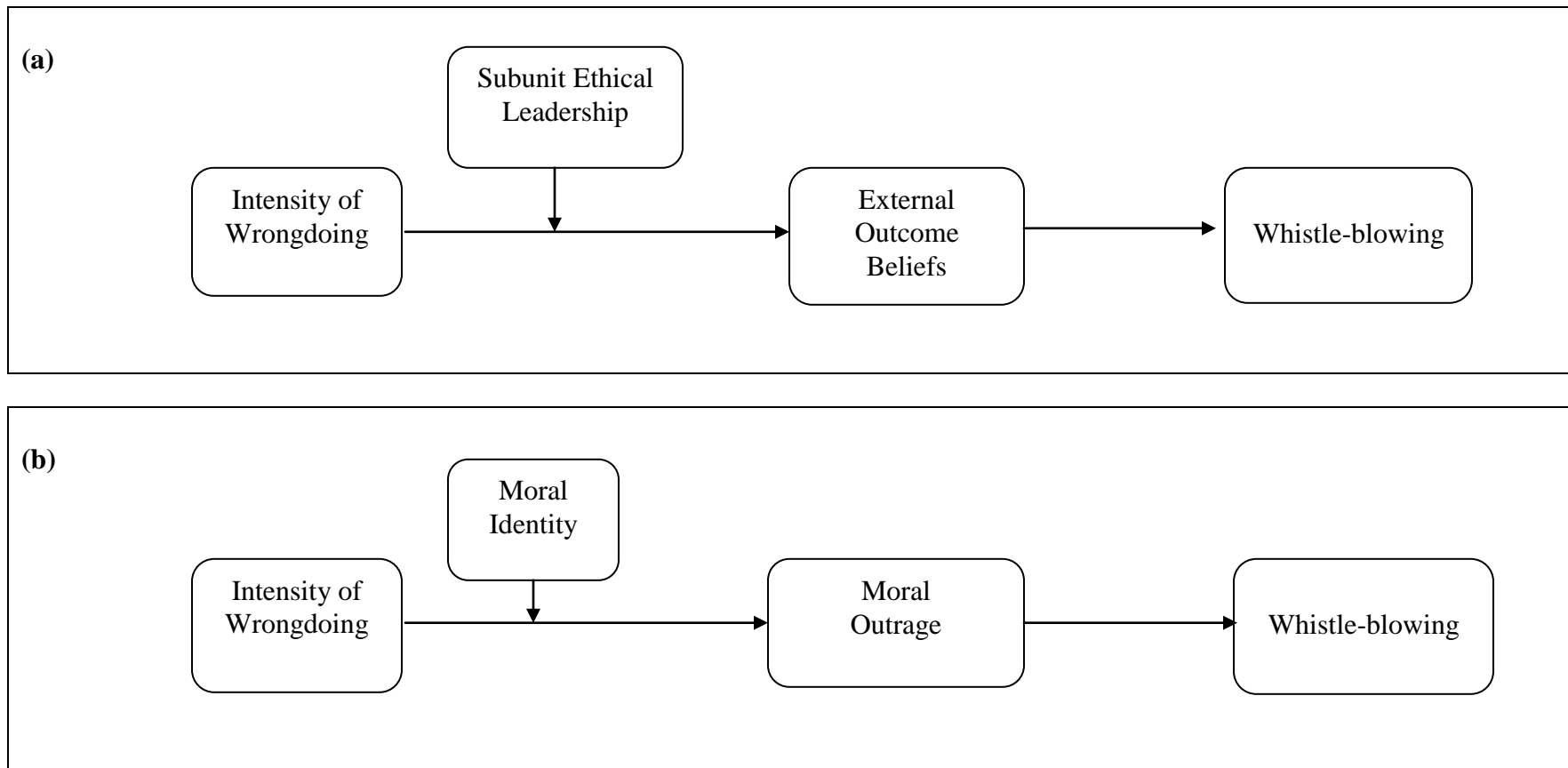
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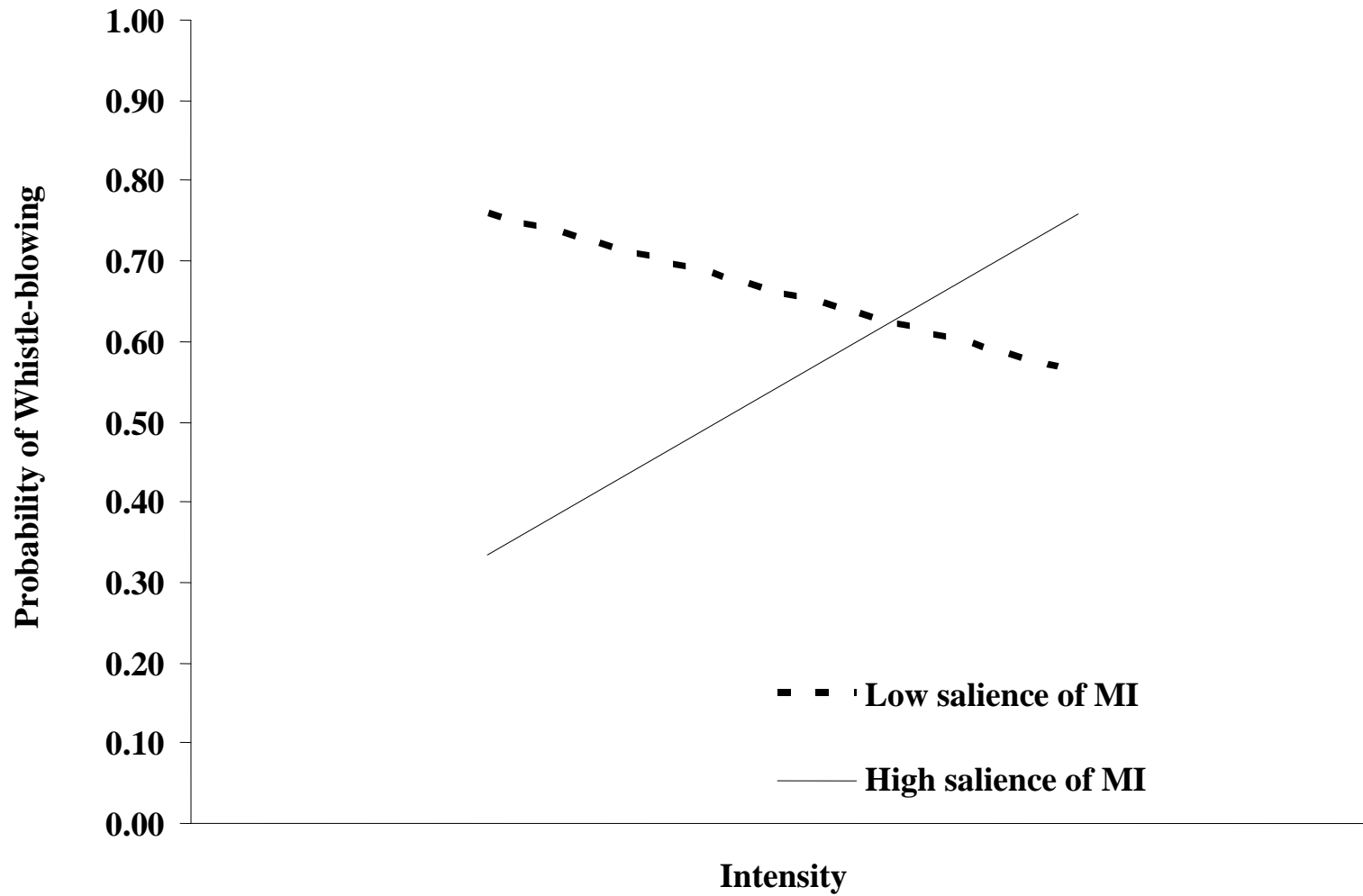
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## FIGURES AND TABLES

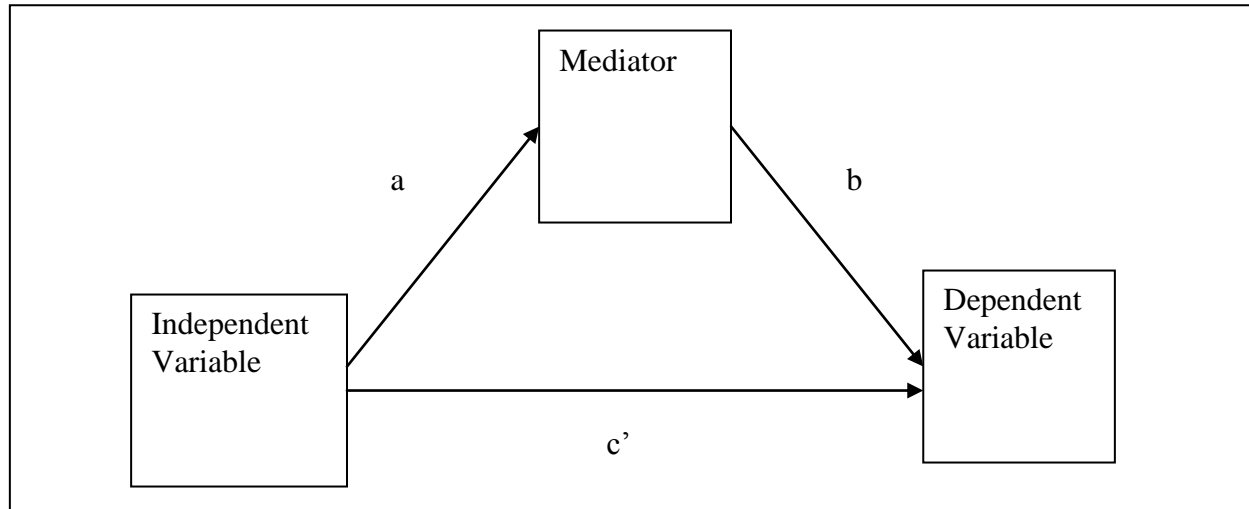
Figure 1. Proposed Frameworks



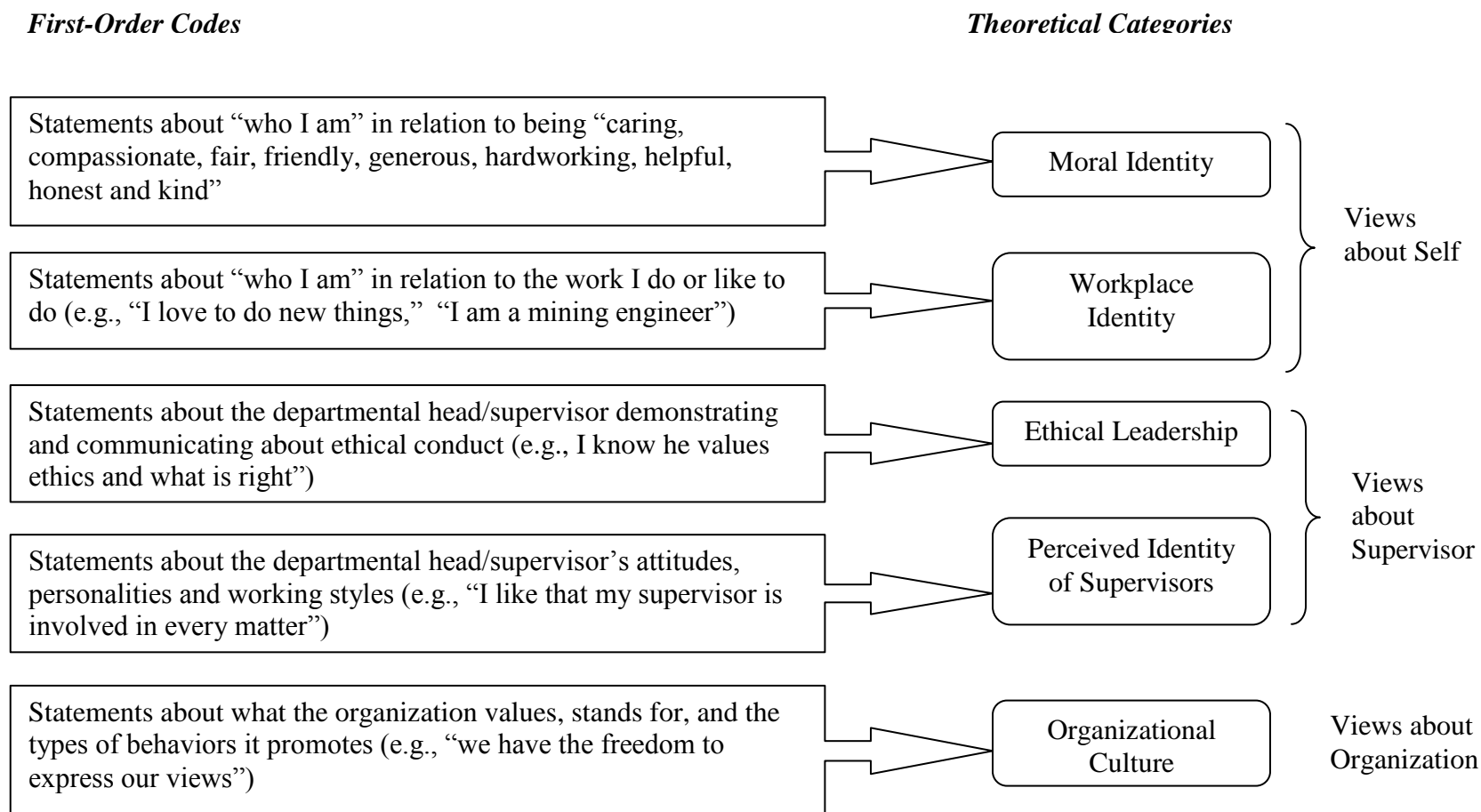
**Figure 2. Moral Identity as a Moderator for the Wrongdoing Intensity-Whistle-blowing Relationship**



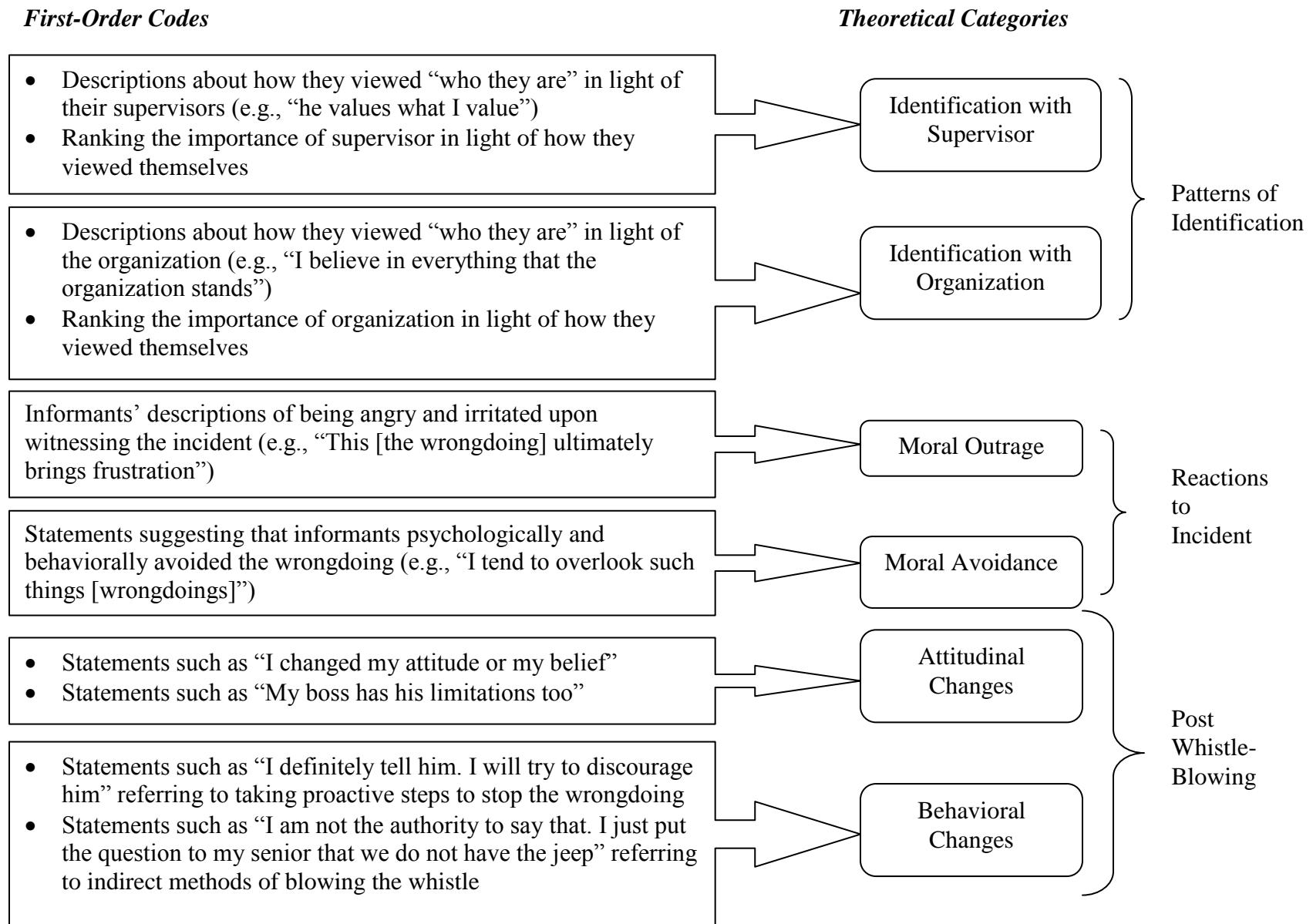
**Figure 3. Sobel Test**



**Figure 4. Overview of Data Structure**



**Figure 4 (cont.)**



**Table 1. Descriptive Statistics and Correlations**

Variable	M (SD)	1	2	3	4	5	6	7	8
1. Intensity	4.42 (1.62)	1							
2. Subunit Ethical Leadership	5.35 (1.42)	-0.03	(0.95)						
3. Moral Identity	5.59 (0.95)	0.20	0.03	(0.75)					
4. External Outcome Beliefs	4.8 (1.14)	0.01	0.43**	-0.03	(0.73)				
5. Moral Outrage	2.63 (1.03)	0.45**	-0.28*	0.29**	-0.24*	(0.85)			
6. Whistle-Blowing	0.54 (0.5)	0.27*	0.06	-0.10	0.36**	0.32**			
7. Age	-	0.02	0.38**	0.08	0.16	-0.10	0.16		
8. Position	-	-0.16	-0.26*	-0.20	-0.18	0.04	-0.10	-0.74**	1

*Note.* Reliabilities (Cronbach's alphas) are given in parentheses.

\*\*  $p < 0.01$

\*  $p < 0.05$

**Table 2. Comparison of Theoretically Plausible Models**

Model	Description	$\chi^2$	df	$\chi^2/\text{df}$	CFI	TLI	RMSEA	Change from model 1	
								$\Delta\chi^2$	$\Delta\text{df}$
Model 1	Five factor model	107.29	56	1.71	0.97	0.95	0.05		
Model 2	One factor model	462.99	77	6.01	0.69	0.57	0.15	355.7	21***
Model 3	Two Factor model <sup>a</sup>	319.95	64	4.99	0.79	0.7	0.13	212.66	8***
Model 4	Three factor model <sup>b</sup>	295.41	62	4.77	0.81	0.71	0.13	188.12	6***
Model 5	Four factor model <sup>c</sup>	227.79	59	3.86	0.86	0.78	0.11	120.5	3***
Model 6	Four factor model <sup>d</sup>	164.09	59	2.78	0.91	0.87	0.09	56.8	3***

Note: \*\*\*  $p < 0.001$

<sup>a</sup> Two-factors: extrinsic variables versus intrinsic variables

<sup>b</sup> Three-factors: wrongdoing intensity; subunit ethical leadership and external outcome beliefs combined; moral identity and moral outrage combined

<sup>c</sup> Four-factors: wrongdoing intensity; subunit ethical leadership and external outcome beliefs combined; moral identity; moral outrage

<sup>d</sup> Four-factors: wrongdoing intensity; subunit ethical leadership; external outcome beliefs; moral identity and moral outrage combined



**Table 3. Regression Results**

Variable	Hierarchical logistic regression								Hierarchical linear regression			Hierarchical linear regression		
	Dependent variable: Whistle-blowing								Dependent variable: External outcome beliefs			Dependent variable: Moral outrage		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14
<i>Control</i>														
Age	0.14 (0.19)	0.22 (0.22)	0.17 (0.22)	0.2 (0.19)	0.24 (0.21)	0.25 (0.23)	0.42 (0.26)	0.19 (0.23)	-0.02 (0.1)	-0.13 (0.1)	-0.15 (0.1)	-0.1 (0.09)	0.04 (0.08)	0.03 (0.08)
Position	-0.03 (0.09)	-0.01 (0.1)	-0.01 (0.1)	0.04 (0.09)	-0.01 (0.09)	-0.04 (0.1)	0.08 (0.11)	-0.04 (0.1)	-0.06 (0.05)	-0.08 (0.05)	-0.09 (0.05)	-0.02 (0.04)	0.04 (0.04)	0.04 (0.04)
<i>Main effects</i>														
Intensity		0.44 (0.17)*	0.42 (0.2)*				0.24 (0.19)	0.51 (0.23)*		-0.01 (0.08)	-0.03 (0.08)		0.26 (0.06)**	0.24 (0.06)**
Subunit ethical leadership		-0.02 (0.18)	0.1 (0.2)				0.17 (0.2)	-0.24 (0.27)		0.34 (0.09)**	0.32 (0.09)**		-0.18 (0.07)*	-0.16 (0.07)*
Moral identity		-0.54 (0.31)	-0.46 (0.37)				-0.98 (0.29)*	-0.4 (0.43)		-0.13 (0.13)	-0.13 (0.13)		0.26 (0.11)*	0.34 (0.11)**
<i>Moderating effects</i>														
Intensity * Subunit ethical leadership			-0.13 (0.14)				-0.26 (0.17)	-0.08 (0.15)			0.12 (0.06)*			-0.04 (0.05)
Intensity * Moral identity			0.66 (0.3)*				0.95 (0.4)*	0.53 (0.3)			-0.01 (0.08)			0.14 (0.07)*
<i>Mediation</i>														
External outcome beliefs				0.63 (0.24)*				1.18 (0.38)*						
					0.77 (0.28)*	1.08 (0.38)*								
Moral outrage					*	*		0.92 (0.38)*						

**Table 3 (cont.)**

Variable	Hierarchical logistic regression								Hierarchical linear regression			Hierarchical linear regression		
	Dependent variable: Whistle-blowing								Dependent variable: External outcome beliefs			Dependent variable: Moral outrage		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14
$\chi^2$ (df)	2.08 (2)	11.56 (5)*	19.46 (7)**	9.6 (3)**	11.27 (3)**	21.62 (6)**	33.03 (8)**	26.09 (8)**						
-2Log-likelihood	103.07	93.59	85.67	98.32	93.88	83.53	72.12	79.06						
Nagelkerke R Square	0.04	0.19	0.3	0.16	0.18	0.33	0.47	0.39						
R-squared									0.04	0.23	0.28	0.02	0.34	0.38
$\Delta R^2$										0.19**	0.05*		0.32**	0.04*
Note: N= 82. Unstandardized regression coefficients are reported (with standard errors in parentheses); ** p< 0.01; *p< 0.05														

**Table 4. Bootstrapping Results for Wrongdoing Intensity, External Outcome Beliefs, and Whistle-blowing**

Variable	B	SE	t	p
Direct and total effects				
Whistle-blowing regressed on wrongdoing intensity:	0.35	0.15	2.34	0.02
External outcome beliefs regressed on wrongdoing intensity:	0.001	0.08	0.01	0.99
Whistle-blowing regressed on external outcome beliefs, controlling for wrongdoing intensity:	0.74	0.24	3.04	0.003
Whistle-blowing regressed on wrongdoing intensity, controlling for external outcome beliefs:	0.4	0.16	2.49	0.02
	M	SE	LL 95% CI	UL 95% CI
Bootstrap results for indirect effect				
Effect	0.004	0.07	-0.13	0.15

Note: N = 82. Unstandardized regression coefficients are reported. Bootstrap sample size = 5,000. LL = lower limit; CI = confidence interval; UL = upper limit.

**Table 5. Bootstrapping Results for Wrongdoing Intensity, Moral Outrage, and Whistle-blowing**

Variable	B	SE	t	p
Direct and total effects				
Whistle-blowing regressed on wrongdoing intensity:	0.35	0.15	2.34	0.02
Moral outrage regressed on wrongdoing intensity:	0.29	0.06	4.45	0.00
Whistle-blowing regressed on moral outrage, controlling for wrongdoing intensity:	0.56	0.28	2.05	0.04
Whistle-blowing regressed on wrongdoing intensity, controlling for moral outrage:	0.21	0.17	1.29	0.2
	M	SE	LL 95% CI	UL 95% CI
Bootstrap results for indirect effect				
Effect	0.17	0.11	0.01	0.42

Note: N = 82. Unstandardized regression coefficients are reported. Bootstrap sample size = 5,000. LL = lower limit; CI = confidence interval; UL = upper limit.

**Table 6. Mediated Moderation Results for Wrongdoing Intensity, Subunit Ethical Leadership, External Outcome Beliefs, and Whistle-blowing**

	Hierarchical logistic regression					Hierarchical linear regression		
	Dependent variable: Whistle-blowing					Dependent variable: External outcome beliefs		
Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
<i>Control</i>								
Age	0.14 (0.19)	0.22 (0.22)	0.17 (0.22)	0.2 (0.19)	0.47 (0.27)	-0.02 (0.1)	-0.13 (0.1)	-0.15 (0.1)
Position	-0.03 (0.09)	-0.01 (0.1)	-0.01 (0.1)	0.04 (0.09)	0.09 (0.12)	-0.06 (0.05)	-0.08 (0.05)	-0.09 (0.05)
<i>Main effects</i>								
Intensity		0.44 (0.17)*	0.42 (0.2)*		0.57 (0.25)*		-0.01 (0.08)	-0.03 (0.08)
Subunit ethical leadership		-0.02 (0.18)	0.1 (0.2)		-0.65 (0.41)		0.34 (0.09)**	0.32 (0.09)**
Moral identity		-0.54 (0.31)	-0.46 (0.37)		-0.19 (0.43)		-0.13 (0.13)	-0.13 (0.13)
<i>Mediation</i>								
External outcome beliefs				0.63 (0.24)**	1.37 (0.43)**			
<i>Interactions</i>								
Intensity * Subunit ethical leadership			-0.13 (0.14)		-0.35 (0.19)			0.12 (0.06)*
Intensity * Moral identity			0.66 (0.3)*		1.11 (0.44)*			-0.01 (0.08)
Subunit ethical leadership * External outcome beliefs					-0.37 (0.26)			
$\chi^2$ (df)	2.08 (2)	11.56 (5)**	19.48 (7)**	21.27 (6)**	35.27 (9)**			
-2Log-likelihood	103.07	93.59	85.67	83.88	69.88			
Nagelkerke R Square	0.04	0.19	0.30	0.33	0.5			
R-squared						0.04	0.23	0.28
$\Delta R^2$							0.19**	0.05*
Note: N= 82. Log odds/Unstandardized regression coefficients are reported (with standard errors in parentheses); ** p< 0.01; *p< 0.05								

**Table 7. Mediated Moderation Results for Wrongdoing Intensity, Moral Identity, Moral Outrage, and Whistle-blowing**

Variable	Hierarchical logistic regression Dependent variable: Whistle-blowing					Hierarchical linear regression Dependent variable: Moral outrage		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
<i>Control</i>								
Age	0.14 (0.19)	0.22 (0.22)	0.17 (0.22)	0.24 (0.21)	0.22 (0.24)	-0.1 (0.09)	0.04 (0.08)	0.03 (0.08)
Position	-0.03 (0.09)	-0.01 (0.1)	-0.01 (0.1)	-0.01 (0.09)	-0.05 (0.1)	-0.02 (0.04)	0.04 (0.04)	0.04 (0.04)
<i>Main effects</i>								
Intensity		0.44 (0.17)*	0.42 (0.2)*		0.29 (0.23)		0.26 (0.06)**	0.24 (0.06)**
Subunit ethical leadership		-0.02 (0.18)	0.1 (0.2)		0.15 (0.23)		-0.18 (0.07)*	-0.16 (0.07)*
Moral identity		-0.54 (0.31)	-0.46 (0.37)		-1.06 (0.49)*		0.26 (0.11)*	0.34 (0.11)**
<i>Mediation</i>								
Moral outrage				0.77 (0.28)**	1.04 (0.41)*			
<i>Interactions</i>								
Intensity *								
Subunit ethical leadership			-0.13 (0.14)		-0.12 (0.15)			-0.04 (0.05)
Intensity *								
Moral identity			0.66 (0.3)*		0.65 (0.33)			0.14 (0.07)*
Moral identity *								
Moral outrage					-0.6 (0.47)			
$\chi^2$ (df)	2.08 (2)	11.56 (5)**	19.48 (7)**	11.27 (3)**	27.8 (9)**			
-2Log-likelihood	103.07	93.59	85.67	93.88	77.35			
Nagelkerke R Square	0.04	0.19	0.30	0.18	0.41			
R-squared						0.02	0.34	0.38
$\Delta R^2$							0.32**	0.04*
Note: N= 82. Log odds/Unstandardized regression coefficients are reported (with standard errors in parentheses); ** p< 0.01; *p< 0.05								

**Table 8. Informant Information**

<b>Informant Pseudonym</b>	<b>Whistle-blower?</b>	<b>Moral Identity</b>	<b>Subunit Ethical Leadership</b>
<b>Ravi</b>	Yes	Salient	Strong
<b>Vivek</b>	Yes	Salient	Strong
<b>Ajay</b>	Yes	Salient	Weak
<b>Amit</b>	Yes	Salient	Weak
<b>Varun</b>	Yes	Salient	Weak
<b>Khan</b>	Yes	Salient	Weak
<b>Atul</b>	Yes	Nonsalient	Strong
<b>Kumar</b>	Yes	Nonsalient	Weak
<b>Yogi</b>	No	Salient	Strong
<b>Ram</b>	No	Salient	Weak
<b>Rahul</b>	No	Nonsalient	Strong
<b>Gopi</b>	No	Nonsalient	Strong
<b>Niraj</b>	No	Nonsalient	Weak
<b>Rajat</b>	No	Nonsalient	Weak

**Table 9. Inactive Observers' Views of Themselves, their Supervisors, and the Organization**

<p><b>Views about self:</b></p> <p>“I love to do new things. I can not be sitting ideal. And unless I do something new or innovative-- whether or not it is being accepted—it doesn’t make a difference, I need to do something new.”</p> <p>(Yogi, Salient MI, Strong SEL, IO)</p> <p>“First of all, I am a mining engineer.”</p> <p>(Rahul, Nonsalient MI, Strong SEL, IO)</p> <p>“I believe that I complete all work assigned to me in a responsible manner. So I be responsible and try to complete the work.”</p> <p>(Niraj, Nonsalient MI, Weak SEL, IO)</p> <p>“If anyone asks me to do some work, I never say no. It’s a different thing if that work gets done on time or not. But I never say no. If I can not do it, I’ll apologize.”</p> <p>(Gopi, Nonsalient MI, Strong SEL, IO)</p> <p>“Technically, no one has pointed out any mistake in my work in three and a half years. Not that they will be able to find it. First of all, I don’t make any. And even if I make a couple of small mistakes, I hide them [laughs]. Not even my bosses can find those mistakes. In four years, I haven’t heard anything negative from my bosses. I haven’t given them that opportunity...I have a helping nature. So in that way, computer skills...if someone has some computer related work, then he’ll ask me to look at that application.”</p> <p>(Ram, Salient MI, Weak SEL, IO)</p>
<p><b>Views about the supervisors:</b></p> <p>“What I like is his working style which is really good. Working style involves...for example, when we take a case to him...whichever case we take, he’ll always find a solution for the case. He won’t create more problems.”</p> <p>(Niraj, Nonsalient MI, Weak SEL, IO)</p> <p>“He is very understanding. Always considers my personal problems as well. Even in urgent circumstances, he has never refused to go for my personal needs. Means...if I am having any problem at my home, any family sort-of problem, he always considers that also...[My supervisor] is involved in every matter. Its not that the [he] is saying that you will finalize the report and I will only...he is giving his sufficient time to make every minor change in that. Its not that he will not sit on my chair. He will come and tell me to sit in front of him and he’ll review. If he has to type, then he will type there. So it’s not the superior-complex as far as my superiors are concerned.”</p> <p>(Rajat, Nonsalient MI, Weak SEL, IO)</p> <p>“After the family, the second is the department. So your association with your department head matters. Because in the department, its our departmental head who is like our mother and father.”</p> <p>(Gopi, Nonsalient MI, Strong SEL, IO)</p>



**Table 9 (cont.)**

**Views about the organization:**

“I want to reach where organization is going.

**Researcher: Which is where?**

Which is on top. So you can say complete overlap for the organization.”

(Rajat, Nonsalient MI, Weak SEL, IO)

“They believe in youngsters which I think is great. That’s also a probable reason for their growth. The entire atmosphere here is young and dynamic. I haven’t seen such an atmosphere anywhere else. They keep giving new responsibilities to the new folks.”

(Ram, Salient MI, Weak SEL, IO)

“We have the freedom to express our views. Whenever there is a new policy by the management, the management asks each and every body to participate. They take the general opinion. If a junior or a senior has an opinion that is acceptable, then the management will accept it. It’s not that we are forced to accept things. It’s not like that...One good thing about the organization is that if someone thinks of something that is new and creative and beneficial for CLS, then management tends to accept such ideas and encourages the person. Our philosophy of “Jo sooche vo paave [the online suggestion box]”—that’s a very good thing. Whenever someone has a good idea, he can post it there and if the company is likely to be benefited from the idea, then the idea gets accepted and he gets a reward. Which, I think, is a good idea.”

(Gopi, Nonsalient MI, Strong SEL, IO)

“CLS has good working conditions. Working environment is also very good. Co-ordinations with seniors...if you see from the management’s point of view...is pretty good upto an extent.”

(Niraj, Nonsalient MI, Weak SEL, IO)

**Table 10. Whistle-Blowers' Views of Themselves, their Supervisors, and the Organization**

**Views about self :**

"I am a very trustworthy person in a way that if my boss tells me something, he never has to follow back. Rather he tells me that I don't require your feedback because I know once it's told to you, it is finished. So that trustworthiness also basically is a trait which should be with any person because if you are working in a team, that is very mandatory. You should have that. Even for your personal growth also. I think it is a good characteristic."

(Ravi, Salient MI, Strong SEL, WB)

"I am a forthright person. I say what is in my mind and what is in the interest of the working or department or company in general. I don't feel any inhibition to say the truth. Because I feel that ultimately only truth will only prevail. Only flattery and be goody-goody and let work go to hell will not serve the purpose in the long term. Even for the company. It may please somebody for sometime but it is not in the overall interest of the organization... What I feel, I say very much. I am very clear. I say what is right. Definitely "Satya bolo paar priye bolo [tell the truth politely]." I keep that in my mind. I don't have to blunt. I tell it politely but I tell it firmly."

(Amit, Salient MI, Weak SEL, WB)

"My values... integrity, honesty, and if you have done any mistake also, you should report it to your seniors."

(Vivek, Salient MI, Strong SEL, WB)

**Views about the supervisors :**

"The thing that I dislike about my bosses is that the parallel management that exists here... that because of the parallel management, we have our differences. Workwise, policies-wise, there is a large overlap between boss and me. But I don't believe in parallel management only. I would like that every employee in the organization be given responsibilities based on his hierarchical level. And he should be asked for his feedback accordingly. He should be treated like a junior... means there should be some differences between lower management and middle management. He should be given his value. The post that you have given him, he should be valued accordingly. Which does not happen here."

(Ravi, Salient MI, Strong SEL, WB)

"If there is one thing which I don't like is that, under pressure, he takes adhoc decisions. Suddenly. He doesn't wait to ask people. He'll suddenly take decisions. Like... if he has given you a task... he'll think that he has not given you that task but something else. So whatever work you did on the earlier task is zero. That happens a lot."

(Varun, Salient MI, Weak SEL, WB)

"But sometimes what happens is that when he [the supervisor] is given some responsibilities, at that time, things tend to go wrong. So what happens is... he should tell his seniors. But he doesn't do that. He tries to blame us. Which is not good. But he is a senior."

(Atul, Nonsalient MI, Strong SEL, WB)

**Table 10 (cont.)**

**Views about the organization :**

“What I like about this company is that definitely...the social part of it...like recent Diwali example. You must be seeing that we are having some competitions in company and colony also. So we get a lot of space to show our creativity...Though we are not having a leave, but we come, celebrate Diwali, sit in the puja and then go [home]. We don't have to stay for the whole day. Similarly for 15<sup>th</sup> August [India's independence day] or 26<sup>th</sup> [India's republic day in January] also. What we are asked to do is to attend the function. Maybe upto 10 or 11...and then we go. But we have to come. Maybe management is slightly strict on that. But it's good. Everybody bonds in such a way that we feel its ok...this is the festivity. Maybe it's a national festival. Maybe its Diwali or Holi. So that thing is definitely good here. There is no doubt about it.”

(Amit, Salient MI, Weak SEL, WB)

“The things that I need to do work, to manage, to learn something, I am getting these things from CLS. The company provides these things to me. It provides a lot of things to me. So I am getting a lot things here. What I want, I get it from the company. So I can say that I am satisfied here because their policies satisfy me. Otherwise, the environment is good here, I get to learn new things...That's why I have given a higher score here. But overall, if the company has 100 policies, and if 50% of the policies suit me, then I am satisfied.

(Varun, Salient MI, Weak SEL, WB)

**Table 11. Reactions to Incident**

Inactive Observers	Whistle-Blowers
<p>“Because there is no end to misery. So when some issue like this comes forth, then I feel like this. Otherwise, because this concern is a very good concern in comparison of others. When we compare it to others, I like it here. There is so much freedom, responsibilities, and opportunities here. And the relationship is very good too. Human relationship, relationship with others. We are like a family. There is a lot of cultural activities here. Very excellent atmosphere exists here. Healthy atmosphere. It is very rare. Relationship between boss and me and everybody is very good. Inter-departmental relationship is very good. Otherwise, an individual is torn apart. If there are five folks in the department and they don’t get along, then psychologically you will probably think that this one is trying to hurt me. Nothing like that exists here.” (Atul, Nonsalient MI, Strong SEL, WB)</p> <p>“There is a daunted mindset but apart from that, I don’t think I should have given much thought to that. Because with negative thoughts, you will make yourself negative. So I tend to overlook these things. And try to find better things and wherever I can add value to things.” (Yogi, Salient MI, Strong SEL, IO)</p>	<p>“So with this comes frustration. Ultimately this brings frustration. But I never get frustrated. I think that this is my work. It’s the company’s work. We are all working for CLS.” (Atul, Nonsalient MI, Strong SEL, WB)</p> <p>“That made everyone feel alienated very much. The people who are really concerned. Who are really working. They could not point out that this is a flaw.” (Amit, Salient MI, Weak SEL, WB)</p> <p>“That’s why...It makes me feel that my organization is doing so much for me and these people, but these people do not listen to that or do not agree with that. That’s what I said.” (Vivek, Salient MI, Strong SEL, WB)</p>

**Table 12. Similarities and Differences between Inactive Observers and Whistle-blowers**

	<b>Inactive Observers</b>	<b>Whistle-blowers</b>
<b>Identification with Organization</b>	√	√
<b>Identification with Supervisor</b>	√	
<b>Salience of Moral Identity</b>		√
<b>Salience of Workplace Identity</b>	√	
<b>Experience of Moral Outrage</b>		√
<b>Experience of Moral Avoidance</b>	√	

## APPENDIX A

### MEASURES

	<b>Construct</b>	<b>Source</b>
I, II	Whistle-blowing	Adapted from Miceli & Near, 1988; 2002
III	Wrongdoing intensity	Adapted from May & Pauli, 2002; Singhapakdi, Vitell, & Franke, 1999
IV	Subunit ethical leadership	Brown & Trevino, 2006; Brown et al., 2005
V	Moral identity	Aquino & Reed, 2002
VI	External outcome beliefs	Developed for the study
VII	Moral outrage	Adapted from Weiss et al., 1999

**I. Observation of Wrongdoing:**

While working at [the organization], have you ever observed any of the following behaviors **exhibited by others** in the organization?

a. Taken property from work without permission	<input type="radio"/>
b. Committed a violation of organizational policy or regulation	<input type="radio"/>
c. Falsified a receipt to get reimbursed for more money than spent on business expenses	<input type="radio"/>
d. Discussed confidential company information with an unauthorized person	<input type="radio"/>
e. Used an illegal drug or consumed alcohol on the job	<input type="radio"/>
f. Dragged out work in order to get overtime	<input type="radio"/>
g. Accepted gifts or bribes from those who may have questionable interests	<input type="radio"/>
h. Tolerated a situation that may cause harm to others in or out of the organization	<input type="radio"/>
i. Gave unfair advantage to a contractor, consultant, or vendor	<input type="radio"/>
j. Took breaks to avoid work	<input type="radio"/>
k. Used organizational property/resources for personal use	<input type="radio"/>
l. Lied about work to others in the organization	<input type="radio"/>
m. Misreported the number of hours worked	<input type="radio"/>
n. Unfairly treated an employee	<input type="radio"/>
o. Sexually harassed an employee	<input type="radio"/>
p. Other: _____	<input type="radio"/>

## **II. Whistle-Blowing:**

Can you please describe, in detail, which of the above behaviors you observed <b><i>most recently?</i></b>

Have you reported this behavior to anyone in the organization?

a. Top management	<input type="radio"/>
b. My supervisor	<input type="radio"/>
c. My head of the department	<input type="radio"/>
d. My colleague	<input type="radio"/>
e. Other organizational member	<input type="radio"/>
f. An authority outside the organization	<input type="radio"/>
g. Union	<input type="radio"/>
h. Suggestion box	<input type="radio"/>
i. Friend or family	<input type="radio"/>
j. Others (Please Specify)_____	<input type="radio"/>



### **III. Wrongdoing Intensity**

**For the behavior you observed most recently**, please indicate the extent to which you agree or disagree with each of the following statements by marking the circle that best matches your views. There are no right or wrong answers. Please answer all questions as openly and honestly as possible, and give your immediate response.

	Strongly Disagree	Disagree	Some what Disagree	Neither Agree nor Disagree	Some what Agree	Agree	Strongly Agree
1. The overall harm done as a result of the behavior would be very small	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Most people would agree that the behavior I observed was wrong	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. There were a small likelihood that the behavior will actually cause any harm	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. The action would not cause any harm in the immediate future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. The behavior would harm a lot of people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. How would you rate the overall seriousness of the behavior?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**IV: Subunit Ethical Leadership:**

**For the following questions, please consider your departmental head as the supervisor and indicate the extent to which you agree or disagree with each of the following statements by marking the circle that best matches your views. There are no right or wrong answers. Please answer all questions as openly and honestly as possible, and give your immediate response.**

	Strongly Disagree	Disagree	Some what Disagree	Neither Agree nor Disagree	Some what Agree	Agree	Strongly Agree
1. My supervisor listens to what employees have to say	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. My supervisor conducts his/her life in an ethical manner	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. My supervisor has best interests of employees in mind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. My supervisor makes fair and balanced decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. My supervisor can be trusted	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. My supervisor discusses business ethics or values with employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. My supervisor sets an example of how to do things the right way in terms of ethics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. My supervisor defines success not just by results but also the way that they were obtained	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. When making decisions, my supervisor asks "what is the right thing to do?"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### **V. Moral Identity:**

Listed below are some characteristics that may describe a person: “Caring, Compassionate, Fair, Friendly, Generous, Hardworking, Helpful, Honest and Kind.” The person with these characteristics could be you or it could be someone else. For a moment, visualize in your mind the kind of person who has these characteristics. Imagine how that person would think, feel, and act. When you have a clear image of what this person would be like, answer the following questions:

	Strongly Disagree	Disagree	Some what Disagree	Neither Agree nor Disagree	Some what Agree	Agree	Strongly Agree
1. It would make me feel good to be a person who has these characteristics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Being someone who has these characteristics is an important part of who I am	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I would be ashamed to be a person who has these characteristics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Having these characteristics is not really important to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I strongly desire to have these characteristics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I often wear clothes that identify me as having these characteristics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. The types of things I do in my spare time (e.g., hobbies) clearly identify me as having these characteristics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. The kinds of books and magazines that I read identify me as having these characteristics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. The fact that I have these characteristics is communicated to others by my membership in certain organizations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. I am actively involved in activities that communicate to others that I have these characteristics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## **VI: External Outcome Beliefs**

**For the behavior you observed most recently**, please indicate the extent to which you agree or disagree with each of the following statements by marking the circle that best matches your views. There are no right or wrong answers. Please answer all questions as openly and honestly as possible, and give your immediate response.

	Strongly Disagree	Disagree	Somewh at Disagree	Neither Agree nor Disagree	Some what Agree	Agree	Strongly Agree
1. If I were to report this behavior, I fear that some members in my organization would retaliate against me for making the complaint	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I feel confident that I would NOT be reassigned, detailed, or transferred against my wishes if I report this behavior	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. The top management in my organization is likely to take action if it receives a complaint regarding any this type of behavior in the organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. My organization is not likely to respond if someone in the organization were using this practice at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I am confident that my supervisor would support my decision if I were to report this practice that I see in the organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. If I were to complain about this behavior in the organization, I fear that my supervisor would disapprove of it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### **VII: Moral Outrage**

**For the behavior you observed most recently**, please indicate how you felt when you first observed the behavior:

	Not at all	Very little	Somewhat	Quite a bit	Very much
1. Angry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Annoyed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Irritated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Mad	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Frustrated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Disgust	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Shame	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Embarrassment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Guilt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Anxious	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Happy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. Jovial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## APPENDIX B

### INTERVIEW PROTOCOL

Responder Code: \_\_\_\_\_

Location: \_\_\_\_\_

Date / Time: \_\_\_\_\_

*Hello. My name is Abhijeet Vadera. I am from the University of Illinois, College of Business. Thanks for seeing me today. I am here to interview you for a study that I am doing for my dissertation that looks at why and how organizational members decide to report or not report unethical practices in their organizations. You were selected for the interview based on your responses to the survey I sent a few weeks ago. I would like to assure you that this interview would be kept completely confidential and no one in the organization would have access to the interview notes. Before we can begin, I need to get your permission to participate in the study (give consent form). Do you have any questions about the study?*

*(After consent form is signed). During the interview, I will ask you several questions about your experiences during the entire episode. I'm not looking for any specific answers. The reason I'm taking the time to sit down with you is to get **your** perspective. Also, some questions may seem very similar to those that I may have already asked, but I need to ask these questions to get at issues differently. Are you ready to begin?*

#### Warm-up questions:

1. How long have you worked at CLS and in what capacity?
2. Let me start by asking you to describe your job responsibilities at CLS. What do you do in a typical day?

#### Questions about self, organization, department head, colleagues:

3. Now let me ask you—How would you describe yourself? What five (5) things would you say are most descriptive of yourself? What do you see as the most important things about you?
4. Or, put differently, if I asked a co-worker what they thought was most descriptive of you, what five (5) things might they say?

5. How would you describe your relationship with the *organization*? What do you like about the organization? What do you dislike? Please Explain.
6. How would you describe your relationship with your *departmental head* and/or *supervisor*?
7. How would you describe your relationship with your *peers and colleagues*?
8. Please rank order these sources in terms of their importance (1= most important). Why did you rank them this way? Probe.

- \_\_\_\_\_ Self
- \_\_\_\_\_ Family
- \_\_\_\_\_ Friends
- \_\_\_\_\_ Colleagues and peers
- \_\_\_\_\_ Department head/ Supervisor
- \_\_\_\_\_ Organization

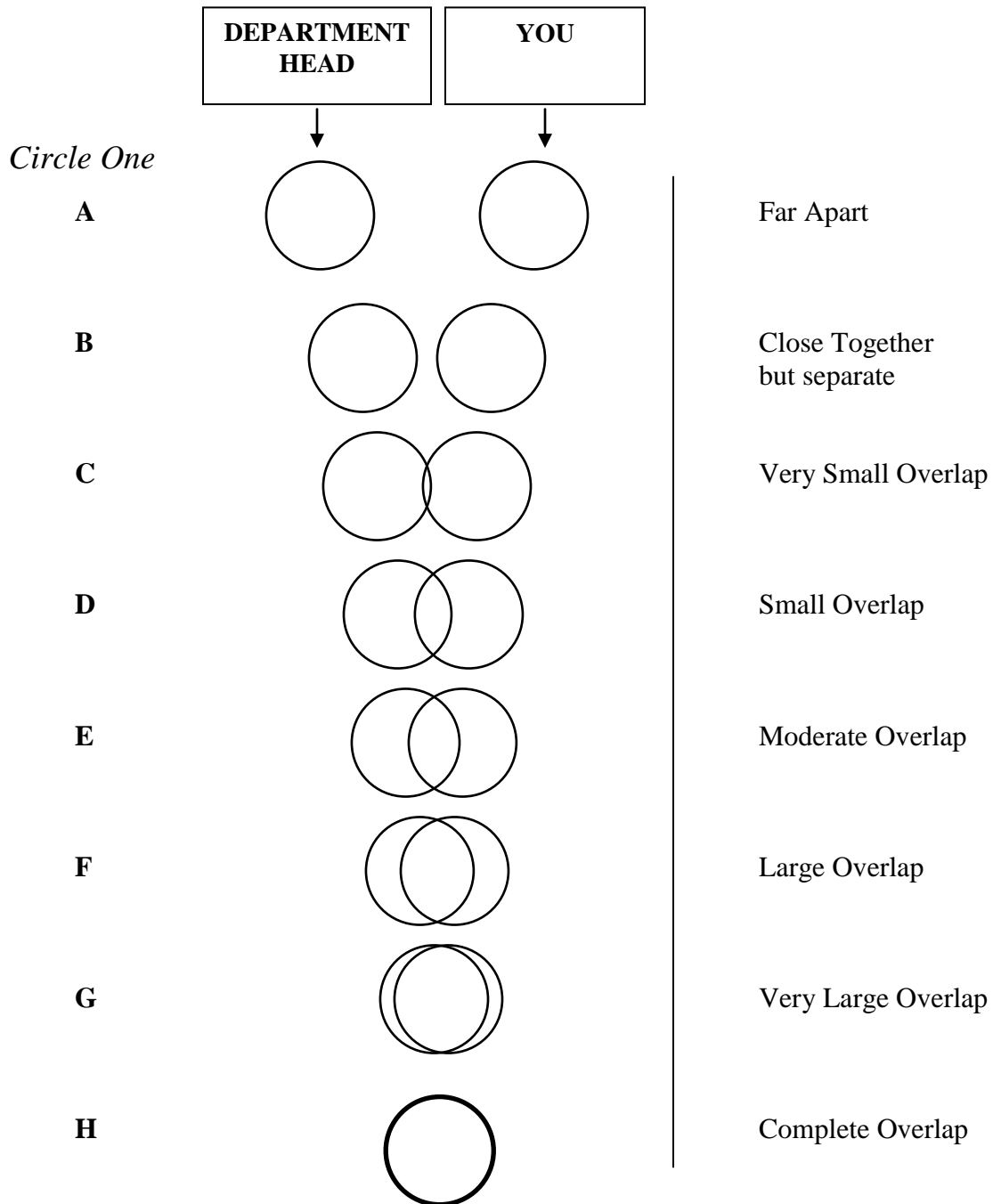
9. Look at these circles, which one best describes you? (use CIRCLES) Explain. [see next page]

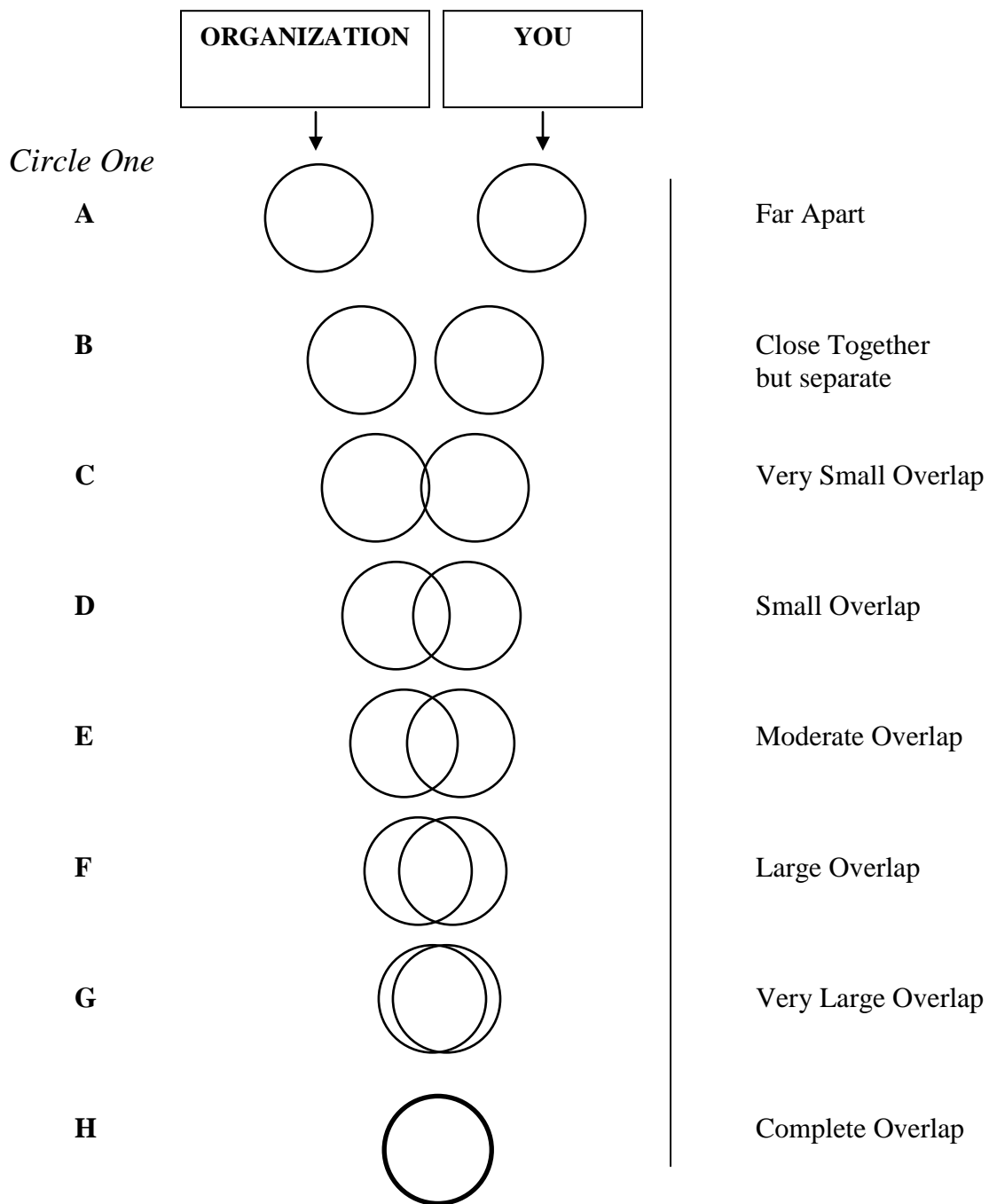
Questions about the Wrongdoing and Whistle-blowing Experience:

10. In the survey, you had mentioned XYZ as a behavior you have observed at work. I am going to ask you a few short questions before discussing the incident in more detail.
  - a. Can you please describe the transgression that you reported?
  - b. Can you please tell me when or how long ago did the incident occur?
  - c. What was your official position/title at the time of the incident?
11. I'd now like you to walk me through what happened.
  - a. How did you come across this behavior / this transgression?
  - b. How did you feel when you first observed this behavior?

- c. What did you do once you noticed the transgression? What were your first reactions? Based on responses, ask how the relationship to organization, departmental head, etc affected their response.
  - d. What did you do in the short-term? Why? What factors influenced your decision?
  - e. What have you done since then (in the long term)? Why? What factors influenced your decision?
  - f. Did you report the transgression – why or why not?
  - g. Do others in your company report similar transgressions – why or why not?
12. I analyzed the results from the survey and found that, in general, rewards and punishments did not influence one's desire to report unethical behaviors in the organization. Why do you think that I not find any results?
13. The goal of this study is to examine why and how organizational members decide to blow the whistle. Given this goal, were there any questions you think I should have asked?







## **AUTHOR'S BIOGRAPHY**

Abhijeet K. Vadera received his Bachelors in Engineering (2001) from V.J.T.I., University of Mumbai, India and then graduated the Post Graduate Programme in Management (equivalent to an MBA) (2003) from the Indian School of Business, Hyderabad, India. Abhijeet's primary research interests include deviance in, and of, organizations. He works in arenas of both—positive (e.g., whistle-blowing and creativity) and negative (e.g., white-collar crime and corruption) deviance. He has published in the *Academy of Management Journal*, *Business Ethics Quarterly*, and the *Journal of Business Ethics* and presented his work at several academic conferences including those hosted by the *Academy of Management*, the *American Sociological Association* and the *Academy of International Business*. He has also received grants from the Center for International Business Research and Education, the European Union Center at the University of Illinois and most recently, the Center of Professional Responsibility in Business and Society. From July 2010, he is going to be an Assistant Professor in Business in the Organisational Behaviour area at the Indian School of Business.